

Edmonton Specific Research on Pawn Stores

On April 19, 2017, Urban Planning Committee passed a motion instructing Administration to investigate the social, economic, and land use impacts of pawn stores on neighbourhoods within Edmonton. As part of this work, Administration undertook primary research on pawn stores using the following methods:

- **Interviews** - pawn store owners, those who have used pawn stores, Business Improvement Area Executive Directors, and community service providers
- **Crime Data Maps** - maps of neighbourhood crime levels and locations of pawn stores in Edmonton
- **Business licence Analysis** - a study of how the presence of pawn stores impacts the number of business licences on two different blocks in Edmonton
- **Zoning Analysis** - an examination of the history of pawn stores in the Zoning Bylaw and how zoning influences the location of pawn stores
- **Photo Survey** - images of pawn stores in Edmonton
- **Subdivision and Development Appeal Board Analysis** - review of instances of pawn stores at the Subdivision Development and Appeal Board since 2012
- **Analysis of previous surveys** - review of business and patron perceptions of Business Improvement Areas

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1. SOCIAL DYNAMICS

To understand the social dynamics of pawn stores in Edmonton, Administration contacted and held conversations with several pawn store operators, the Executive Directors of several Business Improvement Areas, community service providers such as End Poverty Edmonton and Boyle Street Community Services, and those who have accessed the services provided by pawn stores. Surveys were distributed online and in pawn stores to collect responses from the broader public. Administration was contacted directly by one representative from a community league. Administration also looked to previous survey results that focused on the perception of nearby residents and businesses located in Business Improvement Areas.

To supplement these interview and engagement findings, Administration created a number of maps to examine pawn store locations and different crime activity rates.

1.1 INDIVIDUAL SOCIAL DYNAMICS

In conversations with users of pawn stores, Administration found a range of reasons why people use pawn stores. Administration heard from hard-to-bank individuals that to obtain a pawn loan, an individual is not required to have a bank account, to have a credit score, or to be employed. Individuals said they obtained pawn loans to make ends meet, to finance addictions, and to store valuable items while they were in between places. In one participant's experience, storing their valuables at a pawn store was more secure and affordable compared to temporary storage rentals.¹

Pawn store users indicated that there is a stigma associated with those who use pawn stores as a source for funds. Pawn store operators echoed this sentiment, indicating that often it takes courage for individuals to come in when they have nowhere else to turn for the funds they need to help them until their next cheque.²

Community service providers indicated that it is possible for pawn stores to take advantage of an individual's need for money by having the individual sign agreements that they do not fully understand. However, community service providers pointed to the benefit that pawn stores provide at least some formal structure for financial transactions. Pawn stores require the individual to present and hold on to their identification, which

¹ Attachment 4 - What We Heard Report: Public Consultation Summary

² Attachment 4 - What We Heard Report: Public Consultation Summary

can help individuals access other services and supports. Pawn stores also provide a safe place in which to sell goods for cash. Other alternatives available to the hard to bank are often street-level loan sharks, who may harass and target individuals who have borrowed money. Loan sharks present a threat to the wellbeing of an individual, whereas pawn stores provide a safe space in which to sell or pawn one's items and where the biggest loss is the item being pawned, rather than the threat of harm if the loan is not repaid.

1.2 NEIGHBOURHOOD SOCIAL DYNAMICS

The feedback received through engagement activities and survey data suggests that the majority of Edmontonians perceive areas where pawn stores are located to have higher levels of crime and social disorder, and individuals will avoid these areas if possible. Many respondents felt that the removal of pawn stores is necessary to clean up these commercial areas.

When asked about the impact of pawn stores, Business Improvement Associations Executive Directors, Business Improvement Associations members, and a community member from a surrounding neighbourhood identified other factors they believe also contribute to higher crime in areas that have a high density of pawn stores, including:

- Transiency
- Unemployment
- Aggressive panhandling
- Prostitution
- Use of VLTs (gambling)
- Liquor stores and availability of alcohol
- Vape stores, adult-industry businesses, and payday lenders/cash stores/instaloans
- Property crime and violent crime

In order to understand whether pawn stores are actual sites of crime in neighbourhoods, Administration looked at a number of sources of information, including Edmonton Police Service's interactions with pawn stores through business licence complaints and data for stolen goods.

The City of Edmonton's Business Licence Bylaw 13138 contains a number of provisions to encourage appropriate business activities by pawn shops. In a review of business licences for pawn stores, Administration found a record of one request from Edmonton Police Services (EPS) to look into the operation of an approved Business licence for a pawn store. EPS requested this review because the business was not consistently following the procedures set out in the Business Licence Bylaw relating to goods management and records keeping. This complaint resulted in the addition of conditions to the operator's business licence in 2015.

Administration also spoke to pawn store operators to understand levels of potential crime. According to pawn store operators interviewed by Administration, less than 1% of the goods that pass through their stores are stolen goods.³ Initial communications with Edmonton Police Service Data Analysts indicate that they are able to support this figure, as they suggested that approximately 1% of items in pawn stores are identifiable as stolen. This number is based on people recording the serial numbers of their property and reporting them as stolen. This number may not reflect instances where serial numbers were not recorded, or where thefts were not reported to EPS. In reviewing a draft version of this report, EPS noted that when considering stolen property that is not reported, or is unidentifiable, this number is more likely in the 5 to 10 percent range.

1.3 CRIME MAPS

Administration sought to understand the interface of neighbourhood criminal activity with existing pawn stores, by creating maps that show the prevalence of different types of crime in relation to pawn store locations in Edmonton.

Method

Figure 1 shows the distribution for five categories of crimes in Edmonton by neighbourhood in 2017. These maps assess the relationship between pawn stores and assaults, break and enters, thefts from vehicles, robberies, and thefts greater than \$5,000.

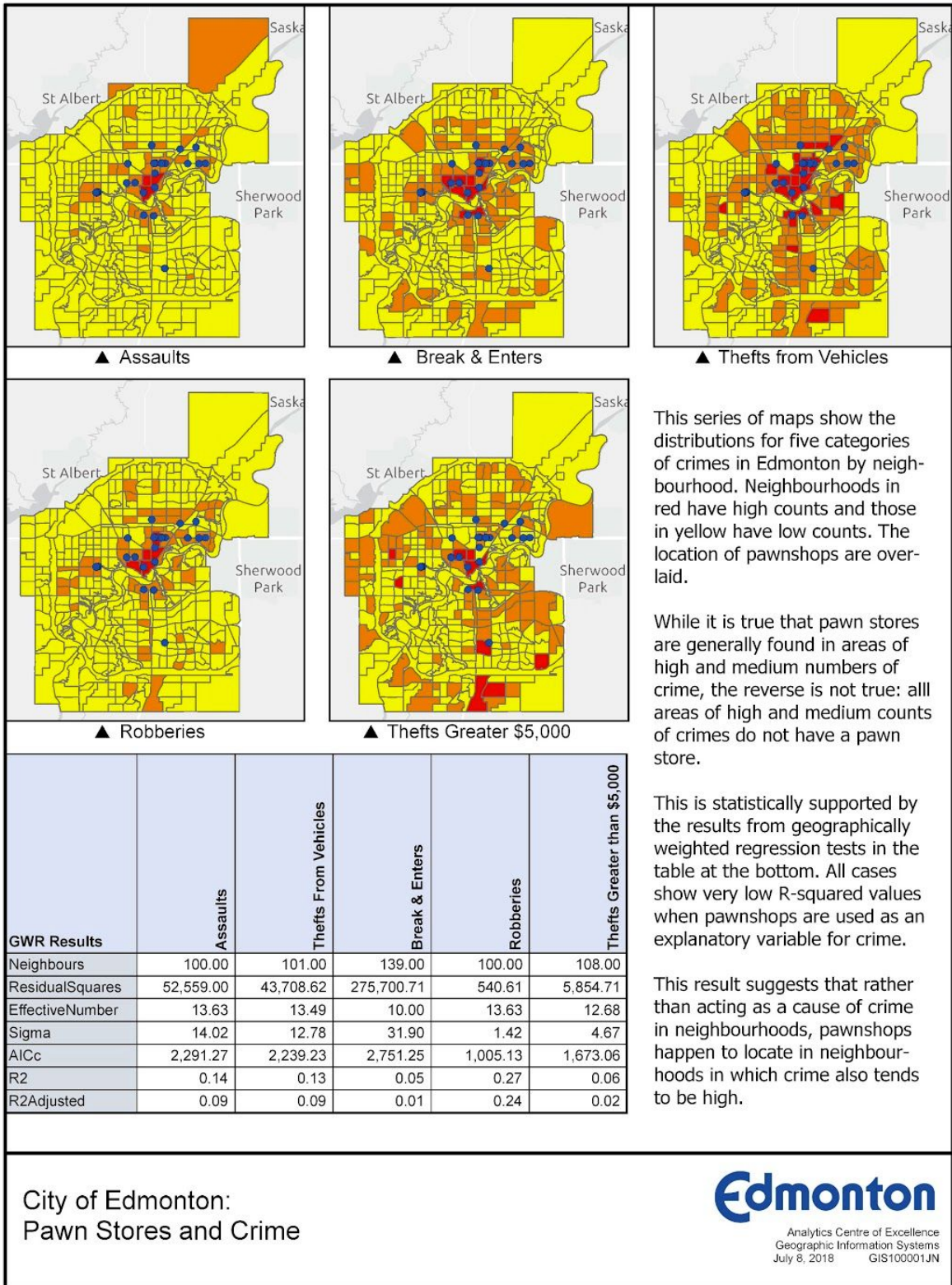
Because the crime data is by proportion of population, in areas with low population, a very low number of crimes may translate to a high per capita rate of crime, creating the appearance of a high crime rate.

Results

The analysis does not indicate a pattern of criminal activity that is consistent with the presence of pawn stores. The results suggest that, rather than acting as a cause of crime in neighbourhoods, pawn stores typically are located in neighbourhoods in which crime rates also tend to be high.

³ Attachment 4 - What We Heard Report

Figure 1 - Pawn Stores and Crime



1.4 SOCIAL VULNERABILITY

Administration considered the role of other socio-economic factors that may underpin the observed crime trends and prepared a map showing levels of social vulnerability, based on Edmonton's Social Vulnerability Index.

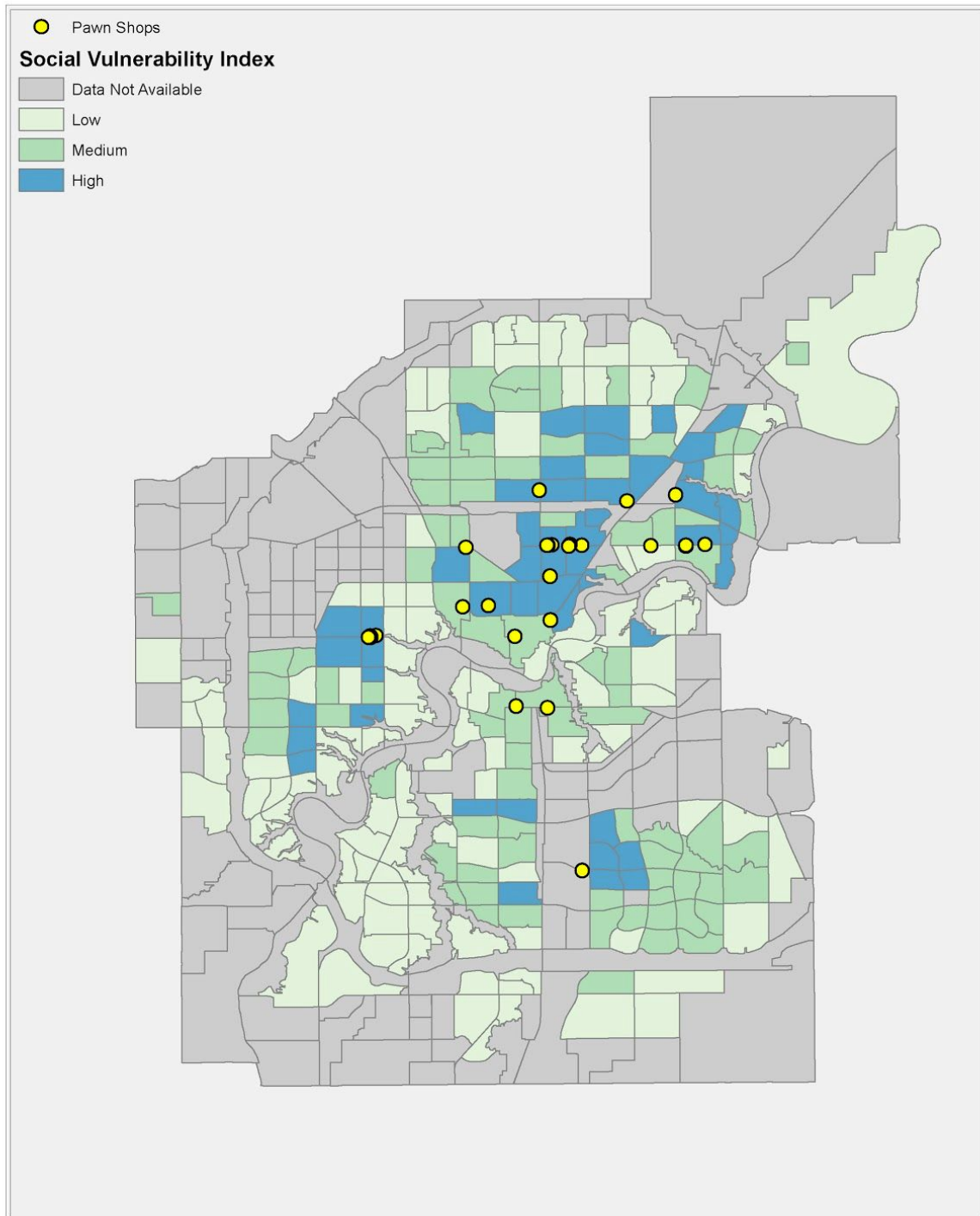
Method

The Social Vulnerability Index overlays a set of indicators or factors that impact healthy development, living conditions, and quality of life (e.g. employment, income, education, language, mobility, home ownership) to identify neighbourhoods of high, medium, or low vulnerability. The location of pawn stores was then overlaid on this map.

Results

Figure 2: Social Vulnerability shows a similarity in areas with higher levels of crime with areas with higher levels of social vulnerability. Figure 2 also shows that the majority of pawn stores in Edmonton are located in areas of high social vulnerability. This finding supports the suggestion from the analysis of crime data that, rather than acting as a cause of crime in neighbourhoods, pawn stores may happen to locate in areas in which crime also tends to be high. The map also speaks to feedback received from pawn store owners who indicated that they locate their stores in proximity to their customer base, which is typically made up of households with a median income of approximately \$70,000 or less.

Figure 2 - Pawn Stores and Social Vulnerability



2. ECONOMIC DYNAMICS

To understand the economic dynamics of pawn stores in Edmonton, Administration contacted and held conversations with several pawn store operators and the Executive Directors of several Business Improvement Areas. Administration also mailed letters to businesses located near pawn stores and within Business Improvement Areas. Administration was additionally contacted directly by one representative from a community league. Administration also looked to previous survey results that focused on the perception of patrons and businesses within Business Improvement Areas.

To supplement these interview and engagement findings, Administration conducted an analysis of business licence activity on two different blocks with pawn stores to see whether the presence of a pawn store impacted the prevalence of business in the vicinity.

2.1 INDIVIDUAL ECONOMIC DYNAMICS

Pawn store operators indicated that their customer base can vary from all three of the user categories found in academic research: the hard to bank, the working poor, and those who use pawn stores for their convenience. Administration frequently heard from pawn store operators that some businesses, including contractors, use pawn loans to pay their employees wages and other expenses until they receive payment for the services they provide. This finding suggests businesses use pawn stores to address liquidity constraints.⁴

Similar to the academic research findings, pawn stores were seen by users as providing a valuable service in some instances. Individuals noted that pawn stores have helped them make ends meet between paychecks. Administration also heard that in other circumstances pawn stores were seen as contributing to individuals' economic challenges such as not being able to redeem personal items when losing identification and financial losses when not understanding the terms of the loan agreement.

2.2 OPERATOR ECONOMIC DYNAMICS

In conversations with Administration, pawn store operators highlighted key considerations when they are determining where to open a store. The following combination of factors were seen as essential in order to operate successfully in an area:

- Appropriate zoning
- Client base where the average household income is approximately \$70,000 to \$80,000
- Locations close to other key services such as grocery stores
- Sufficient parking

⁴ Attachment 4 - What We Heard Report, p. 20

The limited availability of areas where zoning aligns with these other factors has created conditions that result in the clustering of pawn stores in specific neighbourhoods. From the perspectives of the owners and operators of pawn stores, the clustering of pawn stores can be beneficial, because they tend to benefit from the traffic that other stores bring in.

In addition to ideal locational criteria, some Edmonton pawn store operators indicated that the 60 percent annual rate of interest for loans, as prescribed in the Canadian Criminal code, makes it difficult to maintain their business. To keep a pawn store in operation, some businesses add additional fees, such as storage or handling fees, to the cost of a loan.

Based on one pawn store operating in Edmonton, the cost of a pawn loan includes five per cent interest as well as a 25 percent storage fee.⁵ With this practice, the cost of a loan is \$30 for \$100. With a standard loan term of 30 days, the annual fee for a loan in this scenario could be equal to 365 per cent. Pawn store operators considered the risk to the customer of a high interest loan to be reduced because when an individual gets a pawn loan as their credit score is not affected, and they are not subject to collection agency tactics used by other small dollar credit providers. Some pawn stores noted that having multiple pawn stores in proximity to one another helped individual customers achieve the best deal possible for their pawned items.

2.3 BUSINESS IMPROVEMENT AREA DYNAMICS

Business Improvement Area representatives indicated a desire for a diverse business mix on main streets and emphasized the effect of clean and professional businesses on the image of an area. It was felt by some Business Improvement Area representatives that the clustering of pawn stores has a similar impact to the clustering of any other type of business, such as drugstores or mattress stores.⁶ Participants also indicated that work with landlords and property owners is needed. They indicated that landlords and property owners have a tendency to support any business in their buildings, rather than considering the mix of businesses in the area.

In conversations with Administration, Business Improvement Associations indicated that pawn stores have improved over the years and are easier to work with today than they have been in the past. While the appearance and stigma surrounding the stores contributes to a negative perception of an area, it was felt that the majority of pawn stores in Business Improvement Areas have no greater impact than that of a secondhand store.⁷

⁵ Attachment 4 - What We Heard Report, p. 20

⁶ Attachment 4 - What We Heard Report, p. 18

⁷ Attachment 4 - What We Heard Report, p. 20

Business Improvement Area representatives indicated that a lot of work is needed to change people's perception of pawn stores. They feel that there needs to be an effective reporting method to ensure that all existing and future pawn stores are adhering to the regulations in both Zoning Bylaw 12800 and Business licence Bylaw 13138.

2.4 BUSINESS PERSPECTIVES

As outlined in Attachment 4: What We Heard Report, Administration conducted a survey to get feedback on pawn stores from the broader public. In this survey, Administration asked if participants were business operators and if so, whether they would locate/operate their business in an area near a pawn store. Only thirteen of the 185 survey respondents indicated that they owned a business. However, most of these thirteen respondents indicated that they were unlikely to open a business that had a pawn store nearby, and even more unlikely to locate or operate their business in an area if the number of pawn stores increased.

In order to confirm these survey findings with a larger sample, Administration mailed letters to 4,268 randomly selected businesses, including those that were:

- within 60 meters of a pawn store
- located within commercial zones but not necessarily located near a pawn store
- located within Business Improvement Areas.

The survey had a response rate of 1.8% (76 completed surveys). In the responses received, businesses indicated that they:

- Had a negative perception of pawn stores
- Viewed pawn stores as detracting desired customers from visiting the area
- Felt the presence of pawn stores kept new businesses from locating in the area

Most survey participants noted that they would not choose to locate near a pawn store, and if a pawn store located next door to them that they would either renegotiate their lease, or relocate their business.

In consideration of ways to manage pawn stores, most participants in this survey identified a need for more regulations surrounding the appearance and location of pawn stores, and a desire to be notified if a pawn store was going to locate near them. Participants also indicated support for programs that address financial literacy, alternative financial options, and restrictions on lending rates. Roughly half of the participants indicated support for increased education and awareness to reduce the stigma of pawn stores.

The responses from businesses suggest that there can be an impact associated with the negative perception of pawn stores and that the presence of pawn stores influences the decision of where businesses choose to locate. As highlighted in Section 3.5,

another survey indicated that other physical and factors may also influence perceptions and business activity.

2.5 BUSINESS licence ANALYSIS

In addition to interviews and surveys, Administration conducted a quantitative study to test the idea that pawn stores have an influence on surrounding properties and businesses. Administration investigated historical business licence data for commercial businesses surrounding pawn stores. It was reasoned that if the operation of pawn stores results in businesses moving away from an area, this impact would be illustrated in changes in business licence renewal data over time.

Method

To explore this concept, Administration first examined a street segment that had a number of pawn stores located in the area and tracked business licence activity in the ground floor commercial units of surrounding properties (Area A).

Another location was also selected for analysis where only one pawn store existed. Business licence activity was tracked in adjacent ground floor commercial units before and after the opening of the pawn store (Area B).

Administration notes there are a number of limitations of this study, including that the presence of a business licence does not indicate:

- The success of the businesses
- Whether different businesses moved in or out
- Whether premises may have been operating without a business licence

This analysis also does not account for the numerous other factors that could have impacted business activity, such as general economic trends or management of individual businesses that may or may not have contributed to a business's successful operation. There may also be business opportunities for pawn stores to open just as other businesses may be facing economic pressures to close due to broader economic conditions.⁸ The total sample size for businesses is also small given the focused geographic areas.

Interpretation of figures

The following definitions are provided to help interpret the figures for Areas A and B.

- *Ground Floor Storefronts* - This is the number of physical storefronts along a block. This number stays constant. Within the time period from 2012 to 2018 some of the store fronts have licenced businesses in them, while others are vacant or are operating without a business licence.

⁸ CBC News "Luxury items line shelves in Calgary pawn shops as recession deepens," CBC News (September 9, 2015), Available at <https://www.cbc.ca/news/canada/calgary/pawn-calgary-recession-rolex-louis-vuitton-1.3220591>

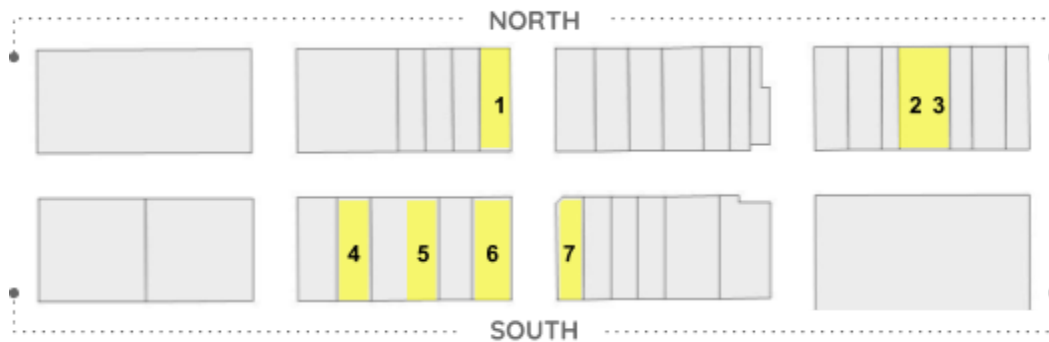
- *Storefronts with Active Business Licences* - This represents the number of storefronts along a block that have active business licences issued by the City. Business licences are issued annually and this number increases and decreases within the time period from 2012 to 2018 based on whether storefronts are renewing their business licences or not.
- *Licences Issued Citywide* - This number shows the total business licences issued across Edmonton from 2012 to 2018. This number is included in the figures as a comparison to see how the business licence changes along the specific blocks in Area A and Area B relate to the larger trends in business licences being issued across the city.

Area A

There are eight pawn stores in Area A as shown in Figure 3.0 below. Five of these pawn stores existed prior to 2002. The following three new pawn stores were developed between 2002 and 2018:

- Pawn Store 1 - 2005
- Pawn Store 4 - 2008
- Pawn Store 5 - 2012

Figure 3.0: Pawn Store Locations in Area A



Figures 3.1 and 3.2 show the introduction of these three new pawn stores compared to the change in storefronts with active business licences along the block.

Figure 3.1: Business Activity on the North Side of the Block in Area A

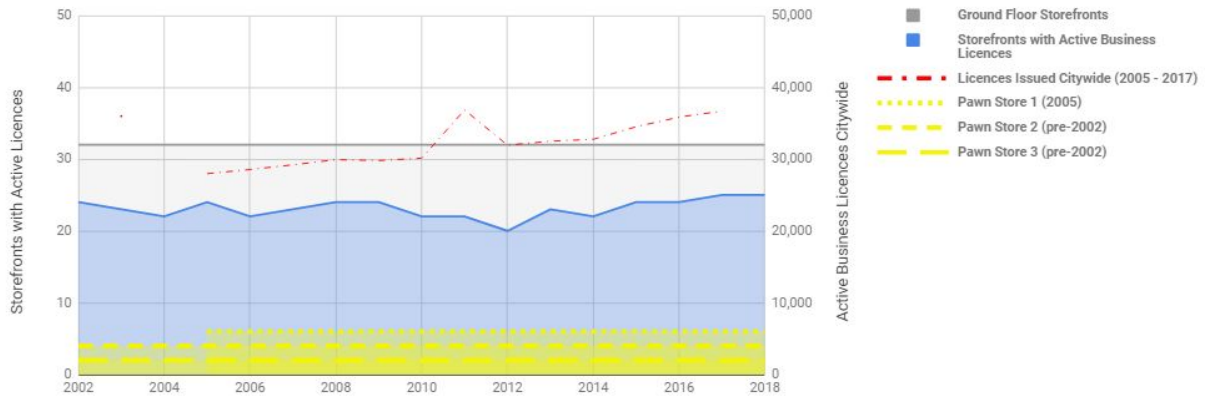


Figure 3.2: Business Activity on the South Side of the Block in Area A

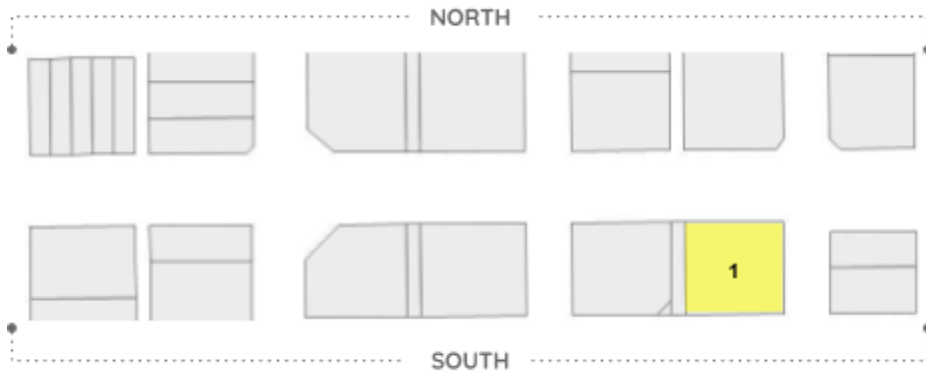


The analysis shows the north side of the block having fluctuating business licence numbers with little overall growth between 2002 and 2018. The south side of the block shows an overall gain in business licences between 2002 and 2018, with a decrease in business licences occurring around 2015. The analysis shows that on both the north and south sides of the street, there was an initial drop in business licences issued after a new pawn store opened, followed by a rebound to initial numbers or additional growth in the number of business licences.

Area B

There is one pawn store in Area B as shown in Figure 4.0 below, which opened on the block in 2004.

Figure 4.0: Pawn Store Locations in Area B



Figures 4.1 and 4.2 show the introduction of this new pawn store compared to the change in storefronts with active business licences along the block.

Figure 4.1: Business Activity on the North Side of the Block in Area B

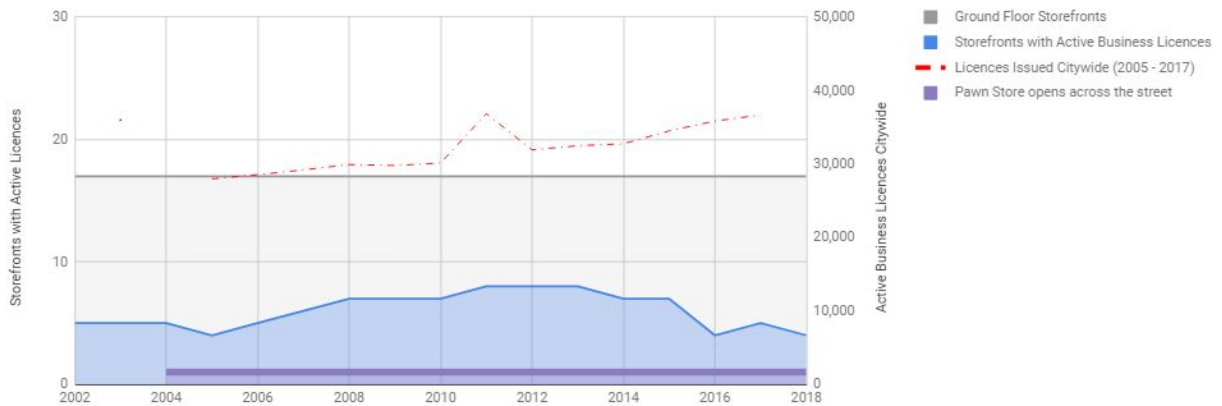
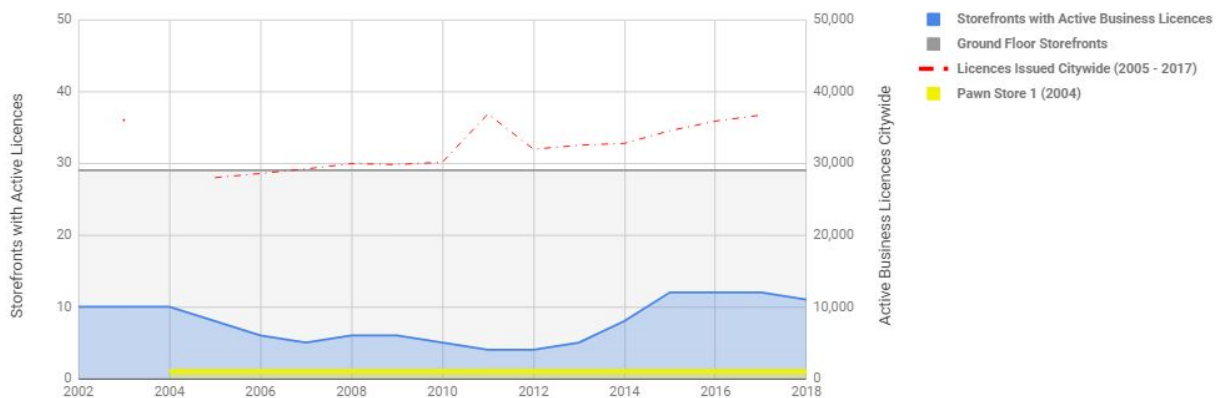


Figure 4.2: Business Activity on the South Side of the Block in Area B



The analysis shows the north side of the block having fluctuating business licence numbers, with growth between 2005 and 2015, followed by a decrease in licences, ending in 2018 with fewer business licences than in 2002. The south side of the block shows an inverse pattern, with a decrease in business licences between 2004 and 2013, followed by growth to 2018 ending with slightly greater business licences than in 2002. The analysis shows an initial drop in business licences on both the north and south side of the street in the year following the opening of the pawn store, followed by an increase in business licence on the north side and a decrease on the south side.

The findings suggest that there may be an initial decrease in business licences caused by the opening of a pawn store, whether as part of a cluster of pawn stores or in isolation. The findings do not demonstrate a clear relationship between pawn stores and surrounding business licences after the initial year, as both increases and decreases in business licence numbers were observed. This may suggest that a number of other economic influences play a greater role in business location decisions than the presence of one or more pawn stores.

3. LAND USE DYNAMICS

3.1 ZONING BYLAW HISTORY

Pawn stores are a relatively new use in Zoning Bylaw 12800. Prior to 2012, pawn stores were classified as either Major or Minor Secondhand Stores. The differentiation between a Major Secondhand Store and Minor Secondhand Store was the size and scale of the operation rather than how the business operated. Under this use, pawn stores and secondhand stores were not distinguished in the bylaw.

In 2008, the City Council approved the Art of Living Implementation Plan (2008 - 2018), which included *Recommendation #2 - Redraw zoning bylaws and other City practices to stimulate arts activities*. As part of the workplan related to this recommendation, Arts Habitat consulted with the arts community on Recommendation #2 to identify specific zoning barriers that needed to be addressed. As part of these consultations, Arts Habitat heard that businesses such as secondhand bookstores and antique shops often faced opposition from communities who were concerned that development permits for secondhand stores would also open the door for pawn stores. This led to a recommendation in Arts Habitat's summary report that "Pawnstores + second hand stores need to be separated - to allow secondhand bookstores, antique stores etc, in zones where a pawnshop was not an allowed use."⁹

⁹ Arts Habitat Association, "Art of Living Recommendation #2 "Redraw zoning bylaws and other city practices to stimulate arts activities." Arts Habitat Edmonton (2011) Available at: https://www.artshab.com/app/uploads/zoning_bylawartshabitatfullreportjuly_2011.pdf

Based on this recommendation, Administration brought forward an amendment (Bylaw 16624) at the September 10, 2012, Edmonton City Council Public Hearing, that created the pawn store land use classification in the Zoning Bylaw.

Zoning Bylaw 12800 defines pawn stores by the following two activities:

- *A Financial Service* - “to provide secured loans in exchange for goods offered as collateral.”
- *A Retail Service* - “the sale of such goods.”

This definition of pawn stores is narrowly distinguished from other similar uses within Zoning Bylaw 12800:

- *Professional, Financial and Office Support Services* includes “banks, credit unions, loan offices and similar financial Uses.” The financial services component of pawn stores is similar to this use. Banks often use real goods, such as cars or other property, as collateral for loans, the distinction being that pawn stores may physically hold the property as security, rather than through contractual agreements as done at traditional banking institutes.
- *General Retail Stores and Secondhand Stores* may include consignment sales, where patrons may receive money in exchange for goods. The retail service component of pawn stores is identical to secondhand stores. The financial services of pawn stores is distinguished from consignment sales in that pawn stores provide loans rather than straight cash in the case of consignment.

3.2 IMPACT OF ZONING ON PAWN STORE LOCATIONS

The 2012 amendments to Zoning Bylaw 12800 limited the zones where pawn stores could locate. Prior to 2012, pawn stores were captured in the Major and Minor Secondhand Store use and were allowed as permitted and discretionary uses in five of the seven standard commercial zones (CNC, CSC, CB1, CB2 and CB3). Since the 2012 amendments, there are no standard zones in Zoning Bylaw 12800 that list pawn stores as a permitted use. Pawn stores are listed as a discretionary use in CB1, CB2, and CB3, as well as six of the eight Downtown Special Area zones.

Table 3 highlights the zones where pawn stores have located and identifies the number of existing pawn stores in each zone.

Table 3 - Location of Pawn Stores by Zone			
Zone	Listed Use	# of Stores	Zone Purpose Summary
CB1	Discretionary	13	Low Intensity Business Zone that allows for low intensity commercial, office and service

			uses located along arterial roadways that border residential areas
CB2	Discretionary	10	General Business Zone that allows for businesses that require large sites and locations with good visibility and accessibility along, or adjacent to, major public roadways
CSC	Not Listed*	3	Shopping Centre Zone that provides for larger shopping centre developments intended to serve a community or regional trade area. Residential, office, entertainment and cultural are also uses found within this zone
Downtown Special Area	Discretionary (Not listed in HDR and RMU zones)	1	A series of eight zones intended to implement the Capital City Downtown Plan that includes a range of higher density mixed use, residential, commercial and heritage areas.
DC1 (Area 5 Northwest McCauley)	Minor Secondhand Stores (DC1 approved prior to 2012)	1	Direct Development Control Zone located near the downtown core and promotes the conservation and rehabilitation of the existing housing stock until the area is redeveloped for low intensity business uses.
CB3	Discretionary	0	Commercial Mixed Business Zone that provides for a range of medium intensity commercial uses as well as to enhance opportunities for residential development in location near high capacity transportation nodes or locations that offer good accessibility

**Note: Pawn stores located in the CSC zone are legal non-conforming uses. This means they had development permits issued prior to 2012 when the Zoning Bylaw was amended to separate the pawn stores from second hand stores. An applicant could not receive a new permit for a pawn store in this zone because pawn store is not a listed use in the CSC zone.*

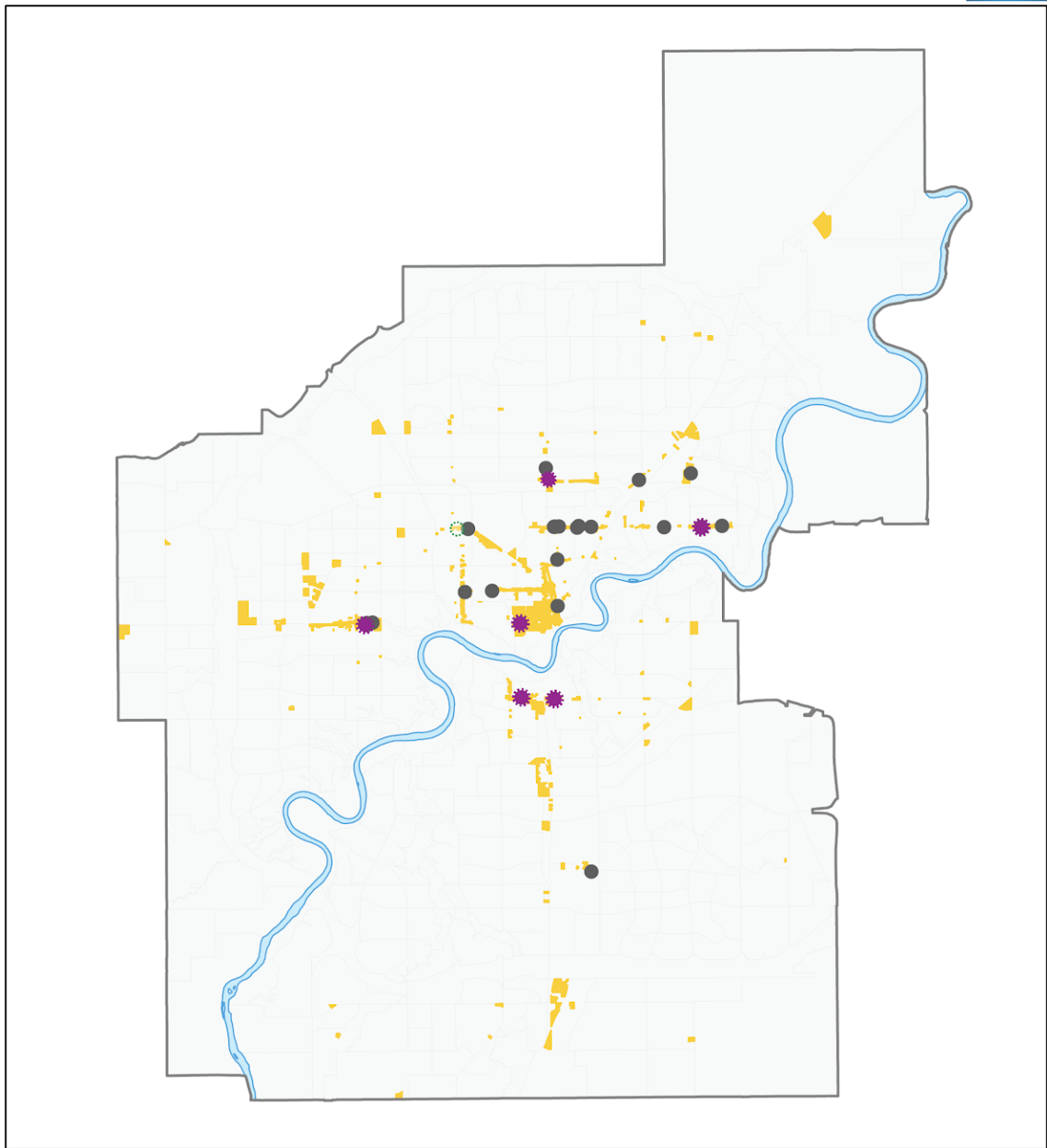
The amendments made in 2012 may have inadvertently resulted in the clustering of pawn stores along commercial main streets where CB1 and CB2 are most prevalent. Figure 4 shows the location of the standard zones that have had pawn stores as a listed use since 2012 and the location of existing pawn stores.

Since the 2012 Bylaw amendment, there have been six development permit applications to operate a pawn store. The black dots on Figure 4 indicate pawn stores that were in place prior to 2012 and the purple points represent the six development permits approved since 2012. While the actual distance between new and existing pawn stores has varied from 25 metres to over a kilometre, new pawn stores have tended to locate along mature or established commercial main streets where other pawn stores may already be present. As illustrated, these locations were likely influenced by the available zoning.

Please note that a seventh development permit was approved for a pawn store in 2017, however the owners did not pursue opening the businesses and did not receive a business licence. This application is indicated through the green circle in the map below.

FIGURE 4: Pawn Store Locations in Edmonton and Available Zones

Issued Pawn Store Development Permits



Map Compiled by:
Zoning Bylaw,
Development Services

June 2018

The City of Edmonton disclaims any
liability for the use of this map.

LEGEND

-  Pawn Stores Issued After 2012
-  Pawn Stores Issued Prior 2012
-  Development Permit issued in 2016, no Business Licence Issued , Development Permit Cancelled in 2017
-  Zoning where Pawn Stores are a Discretionary Use



No reproduction of this map, in whole or in part, is permitted without express written consent of the City of Edmonton, Urban Form and Corporate Strategic Development Department

3.3 PHOTO SURVEY OF LAND USE IMPACTS

As shown in Figure 5, the appearance of pawn stores in Edmonton are often characterized by large signs or awnings with high contrast colours that attract attention. Pawn stores also typically include window signage and visual displays of goods, or have protective bars that prevent sightlines into the premises. Some pawn store operators indicated that they maintain open sightlines into their stores during business hours providing more visibility into the store, but use protective bars for security when the stores are closed. Other stores have more transparent and unobstructed windows, as well as lower contrast signage.

Figure 5 - Examples of Pawn Stores in Edmonton





3.4 SUBDIVISION AND DEVELOPMENT APPEAL BOARD FINDINGS

Since 2012, when pawn stores became a separate land use, there have been seven development permit applications for pawn stores. Of these, one application was cancelled, five were approved by the Development Officer and one was refused. Two of the approved applications and the one refused application were appealed to the Subdivision and Development Appeal Board. In each case, the Board either upheld the Development Officers permit approval or overturned the refusal, meaning that all pawn store development permit applications were ultimately granted.

The majority of the surrounding businesses and neighbours who attended the Board hearings in opposition to a pawn store application being approved provided comments that centred on business competition, economic, and social issues. Matters of clustering, criminal activity and preying on the desperation of others were highlighted as reasons for appeal at each of the three hearings. The Board's decisions did not identify any land use impacts directly related to the pawn store use. At one hearing, where a pawn store was proposing to locate in a vacant space along a commercial shopping street, the Board reasoned that allowing a pawn store development in this location was favorable to leaving a store front vacant.

3.5 LOCAL PATRONS AND BUSINESS PERCEPTIONS

In 2017, Administration conducted surveys in Business Improvement Areas as part of baseline data collection for the Business Improvement Area economic indicators project. Through this work, general impressions related to safety, aesthetics, and business mix were collected from patrons (including nearby residents) and local businesses. While the purpose of the indicators project was not specifically related to pawn stores, and no questions were specifically asked regarding pawn stores, the information collected and the results of the survey are useful to understanding potential links between perceptions of safety, business mix, aesthetics, and the number of pawn stores in a Business Improvement Area. For the purpose of the pawn store research, findings for relevant questions from patron and business survey were compared with the number of pawn stores in the Business Improvement Areas, to determine if there was a relationship between the presence of pawn stores and the general perceptions of patrons and businesses.

For the purpose of this section of the report, the Business Improvement Areas were divided into four categories:

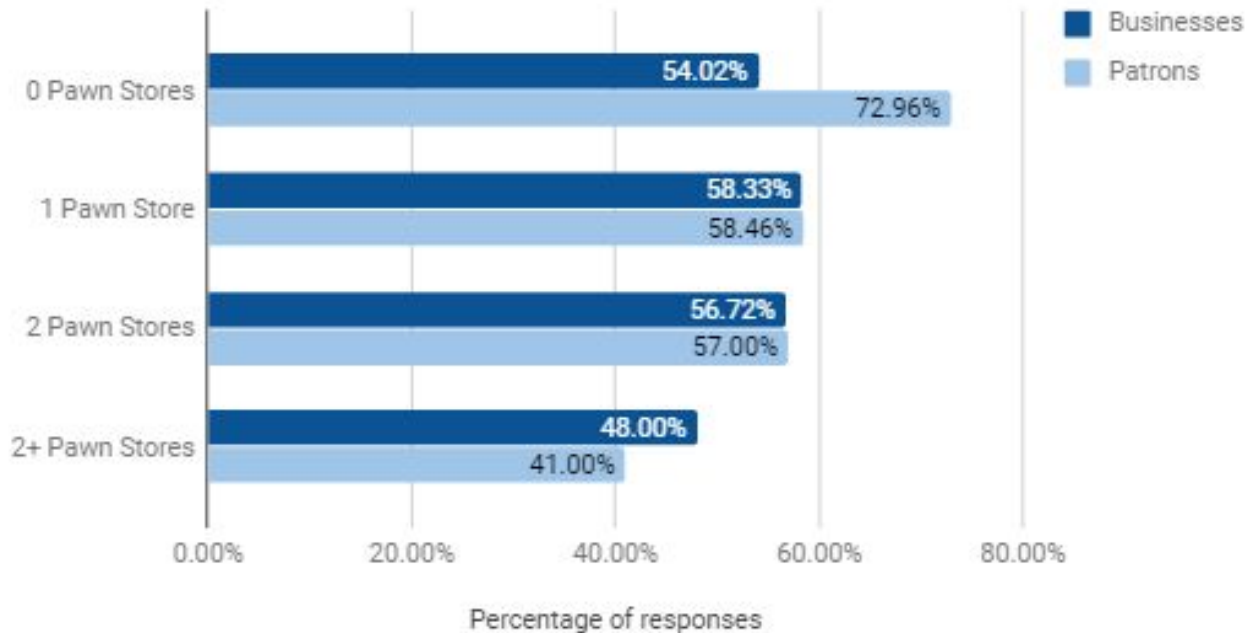
- Those with zero pawn stores (3 BIAs)
- Those with one pawn store (4 BIAs)
- Those with two pawn stores (3 BIAs)
- Those with more than two pawn stores (2 BIAs)

Questions related to safety, business mix, and attractiveness are reported below.

Safety - Using a scale of 1 to 5 where 1 means “strongly disagree” and 5 means “strongly agree,” please rate your level of agreement that, overall, the BIA is a safe place to visit.

Figure 6: Agreement the Business Improvement Area is a Safe Place to Visit

Total participants that indicated 4 (agree) or 5 (strongly agree)



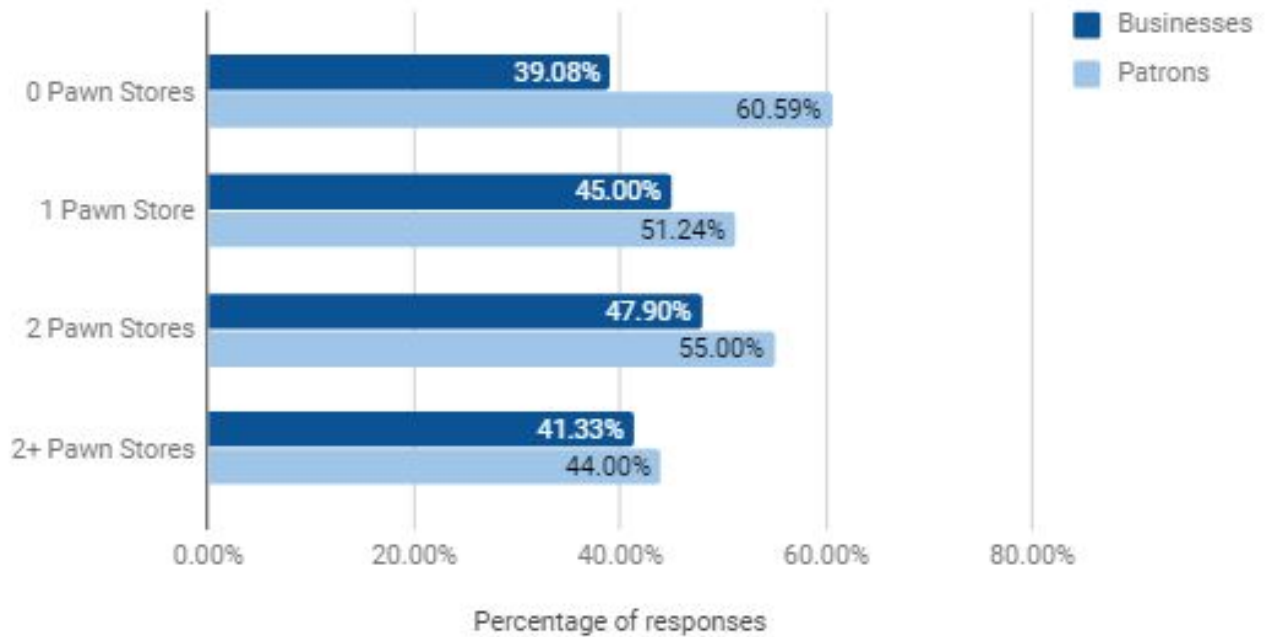
This analysis suggests that there is some relationship between the number of pawn stores and patron perceptions of safety in a Business Improvement Areas; however, it is not possible to ascribe causality based on this set of data. Patrons indicated the highest levels of safety for areas without any pawn stores, roughly equal levels of agreement for areas with one or two pawn stores, and lower levels of agreement for areas with more than two pawn stores. Businesses indicated lowest levels of agreement for areas with more than two pawn stores followed by areas with no pawn stores, then roughly equal levels of agreement for areas with one or two pawn stores.

Aesthetics - Using a scale of 1 to 5 where 1 means “strongly disagree” and 5 means “strongly agree,” please rate your level of agreement with the following statements regarding the physical and aesthetic appearance of the BIA:

- Overall, the BIA is physically and aesthetically attractive

Figure 7: Agreement the Business Improvement Area is aesthetically attractive

Total participants that indicated 4 (agree) or 5 (strongly agree).

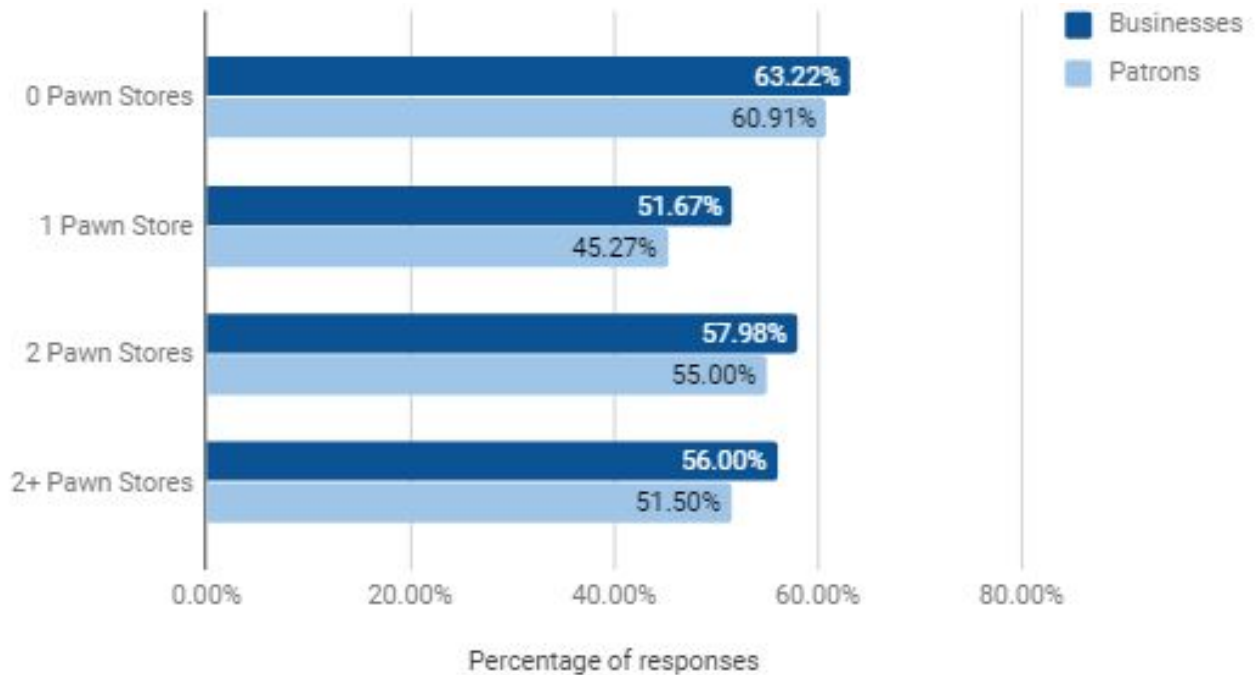


The analysis shows a less clear relationship between the presence of pawn stores and perceptions of an aesthetically pleasing area. Areas with no pawn stores had the highest levels of agreement for patrons but the lowest level for business owners. Areas with two pawn stores were rated as more attractive than areas with one pawn store by both businesses and patrons. Areas with more than two pawn stores had the lowest levels of agreement for both businesses and patrons.

Business Mix - In a scale of 1 to 5 where 1 means “not at all satisfied” and 5 means “very satisfied,” how satisfied are you with the current mix of businesses in the BIA?

Figure 8: Satisfaction with current mix of businesses

Total participants that indicated 4 (agree) or 5 (strongly agree).



The analysis shows an unclear relationship between the presence of pawn stores and business mix in the area. Areas with no pawn stores had the highest levels of agreement for patrons and businesses. Areas with both two and two or more pawn stores both had higher levels of agreement compared to areas with just one pawn store by both businesses and patrons.

4. CONCLUSION

The primary research summarized in this attachment includes data from interviews and surveys, maps of crime data, an analysis of business licences, a review of Zoning Bylaw history and zoning impacts on pawn store locations, a photo survey, and a review of Subdivision and Development Appeal Board hearings related to pawn stores. The summary of primary research below highlights key findings related to the social, economic and land use impacts of pawn stores. This summary shows clear parallels between the primary research and the academic research summarized in Attachment 1.

Individual social and economic dynamics

- Conversations with pawn store operators and those who use pawn store services indicated that pawn stores provide a needed financial service, which may be preferable to other alternatives, such as loan sharks or street loans
- Research showed that those who use pawn stores face social stigma

Neighbourhood social and economic dynamics

- Research did not reveal a relationship between crime rates in neighbourhoods and the locations of pawn stores in Edmonton
- Feedback from businesses provided as part of a survey with direct questions about pawn stores found that most businesses have negative perceptions of pawn stores, and felt that the presence of a pawn store makes an area less desirable to both businesses and their customers
- When conducting quantitative analysis of business licence data, Administration was not able to find a direct correlation of business turnover rates in relation to the presence of pawn stores

Land use

- In reviewing Development Officer decisions and Subdivision and Development Appeal Board decisions related to pawn store applications, Administration was unable to identify land use impacts directly associated with pawn stores in a review of applications
- In a visual scan of pawn stores, Administration noted that some stores had more signage and less visual transparency along the store fronts, limiting sightlines into and out of shops and contributing to a less attractive appearance
- In review of the 2017 Business Improvement Area economics indicators survey results in relation to the number of pawn stores present in specific Business Improvement Areas suggest:
 - There may be a relationship between the number of pawn stores in a Business Improvement Area and patron perception of safety.
 - There was no clear relationship between business operator perceptions of safety and the presence of pawn stores

- There is not a clear relationship between the presence of pawn stores and patron and business perceptions of Business Improvement Areas as aesthetically pleasing, or patron and business satisfaction with the current business mix, suggesting that other factors may be at play related to how these areas are perceived.
- An unintended consequence of the bylaw amendment in 2012 that restricted the locations for pawn stores may have contributed to the clustering of pawn stores along main streets and within the CB1 and CB2 zones.

These findings have informed Administration's proposed approach to pawn stores, as outlined in CR_4755 Amendments to Zoning Bylaw 12800 - Regulations for Pawn Stores.