

Amendments to Zoning Bylaw 12800 - Regulations for Pawn Stores

Recommendation:

That Administration undertake the necessary steps to implement the recommended approach to addressing pawn stores, as outlined in Attachment 2 of the October 2, 2018, Urban Form and Corporate Strategic Development report CR_4755.

Previous Council/Committee Action

At the April 19, 2017, Urban Planning Committee meeting, the following motion was passed:

That Administration prepare draft amendments to Zoning Bylaw 12800 as generally outlined in Approach 1, 2 and 3 of the April 19, 2017, Sustainable Development report CR_4329.

Executive Summary

Administration recommends managing pawn stores using a holistic approach that does not solely focus on land use regulation. This recommendation draws on the summary of research findings from cross-referenced October 2, 2018 Urban Form and Corporate Strategic Development report CR_4754 Implications of Pawn Stores on Local and Socio-Economic Conditions and aligns with various outcomes and directions set out in City policy. The proposed approach includes the following components:

- Prepare amendments to Zoning Bylaw 12800 to remove pawn stores as a separate use, to reduce stigma and improve regulatory clarity
- Explore a range of potential opportunities to address underlying issues related to pawn stores, including the use of Business licence Bylaw 13138, in addition to supporting the activities of other organizations, including financial empowerment initiatives and Business Improvement Areas

This report also includes alternative options for regulating pawn stores and corresponding draft amendments to Zoning Bylaw 12800. These options and amendments relate to notification requirements, regulations that address the design of pawn stores, and regulations to prevent clustering of pawn stores.

Report**Background Research**

Administration was directed to undertake amendments generally in line with Approaches 1, 2 and 3 of the April 19, 2017 Urban Form and Corporate Strategic Development report CR_4329 Development Applications for Pawn Stores and Other

Potentially Sensitive Land Uses Proposed in Established Commercial Areas. These approaches were:

- Approach 1 - Address perceptions and work with landlords
- Approach 2 - Introduce regulations specific to Pawn Store in Zoning Bylaw 12800
- Approach 3 - Create regulations to prevent clustering of Pawn Stores

To address the motion, Administration undertook a thorough research and engagement project on pawn stores, as captured in cross-referenced CR_4754. The report highlights that there are few definitive findings related to the influence of pawn stores on the social, economic, and land use dynamics of a neighbourhood.

Some academic studies found that there was a correlation, though not causation, between pawn stores and some types of crime; however, other studies found no connection. Findings from Edmonton's own crime data do not demonstrate trends in the relationship between crime and pawn stores.

Similarly, there are conflicting findings related to the effect of pawn stores on individuals. While some research shows that pawn stores provide a much-needed financial service to individuals, other research indicates that individuals who use pawn loans regularly can suffer from increased financial challenges.

The impact of pawn stores on the economics of neighbourhoods is mixed. Survey respondents expressed that the presence of pawn stores acts as a deterrent to business success. However, a review of historical business licence data in Edmonton did not demonstrate a long-term relationship between business turnover rates and the presence of pawn stores in the areas studied.

Survey findings show a strong consensus about public perceptions of pawn stores. The vast majority of Edmontonians surveyed held strong associations of pawn stores with crime. Whether based on assumptions or realities, perceptions of pawn stores can influence behaviours in a way that may create real outcomes. As supported by planning theory, if people believe pawn stores attract crime, they may avoid areas where pawn stores are located. This may lead to fewer people in the area, leading to less passive surveillance, which could in turn lead to less safe areas. Survey findings from businesses and patrons of Business Improvement Areas found some relationship between the presence of pawn stores and feelings of safety, but it is unclear if this is related to pawn stores specifically, or because pawn stores are more likely to be located in areas where crime is high due to a range of other factors.

This summary of research and engagement findings shows that managing the potential impacts of pawn stores is a complex matter and likely would not be achieved by implementing the approaches originally recommended as part of the April 19, 2017,

Urban Form and Corporate Strategic Development report CR_4329. To determine an effective approach, Administration reviewed City of Edmonton policies for guidance on how to manage pawn stores in a manner consistent with research findings and broader city-building objectives.

Policy Direction

The following City of Edmonton policy documents include direction that can be used to inform a proposed approach to managing impacts of pawn stores:

- **The Way We Grow: Edmonton's Municipal Development Plan** - contains policies related to quality design on traditional shopping streets, and policies related to creating safe urban spaces
- **The Way We Prosper: Edmonton's Economic Development Plan** - sets out a goal of creating a competitive business climate, with a focus on improving speed and consistency in the permitting process
- **End Poverty in a Generation: A Strategy** - outlines the approach of End Poverty Edmonton, including changing attitudes and tackling root causes of poverty
- **End Poverty in a Generation: A Road Map to Guide Our Journey** - includes actions that aim to expand financial empowerment services, including alternative sources of credit and financial literacy programs
- **The Development Services Strategic Plan 2016-2018** - highlights a strategy to deliver efficient and effective services, which is being implemented through the Urban Form Business Transformation initiative

Further information on these policies is available in Attachment 1 - Policy Framework.

Recommended Approach

Based on the outcomes of the research and public engagement activities summarized in CR_4754, and on the above-mentioned City policies, Administration recommends that any actions relating to managing pawn stores focus on the following outcomes:

1. **Design quality** - promote attractive buildings that contribute to the surrounding area
2. **Safety** - ensure the design of buildings supports safe streets and neighbourhoods
3. **Root causes** - address underlying stigma and social dynamics that contribute to negative perceptions of those who use or operate pawn stores
4. **Process streamlining** - support an efficient and predictable development permit process
5. **Competitive Business Climate** - ensure regulations support effective market conditions and customer benefits

To achieve these outcomes, Administration proposes a holistic approach to managing pawn stores that addresses both the real and perceived impacts of pawn stores on individuals and neighbourhoods. This approach includes the following four actions:

1. **Continue to support financial empowerment projects**, including alternative banking options for vulnerable populations, and financial literacy education.
2. **Develop an improved method for users of pawn stores to report complaints about operators**, including a system for Administration to track complaints and enforce business licence requirements.
3. **Maintain and strengthen initiatives to increase design quality in main street areas**, including regulations in the Main Streets Overlay and the City's Façade Improvement Program.
4. **Amend Zoning Bylaw 12800 to remove pawn stores** so that these uses would now be captured under the General Retail Stores use classification, and continue to employ existing regulations to promote high quality design and safety.

More detail on these four actions is provided in Attachment 2 - Recommended Approach to Addressing Pawn Stores.

While some representatives from Business Improvement Areas engaged by Administration to discuss this topic noted that having a concentration of pawn stores is no different than having too many of any one business type, they also highlighted that a diversity of businesses is very important in their areas. A variety of stakeholders play a role in encouraging diversity of businesses, including commercial landlords and Business Improvement Areas. These stakeholders can help support improved outcomes for pawn stores and a competitive business climate.

Alternative Approaches

Administration acknowledges that the recommended approach does not align with the initial recommendations outlined in the April 19, 2017 Urban Form and Corporate Strategic Development report CR_4329 Development Applications for Pawn Stores and Other Potentially Sensitive Land Uses Proposed in Established Commercial Area. Specifically, the recommendations do not directly address concerns some stakeholders expressed regarding clustering of pawn stores or the desire to regulate pawn stores more stringently. As such, Administration has prepared alternative amendments to Zoning Bylaw 12800. These alternative amendments present a range of changes that could be undertaken separately or in combination, including:

- Removing pawn stores and secondhand stores as separate uses, but maintaining pawn stores as a defined term
- Adding Special Land Use Provisions for pawn stores
- Establishing a separation distance between pawn stores
- Allowing pawn stores in additional zones
- Requiring pre-notification for all new pawn stores

- Removing notification requirements for pawn stores

Further discussion about the implications of these amendments, including whether each option addresses the outcomes of design quality, safety, root causes and process streamlining, is provided in Attachment 3 - Alternative Amendments to Zoning Bylaw 12800.

Conclusion

Administration recommends amendments to Zoning Bylaw 12800 that will increase opportunities for pawn stores to be located in a range of locations across the City (which may reduce perceived clustering of locations), provide greater certainty to applicants and communities about pawn store locations, and that may help reduce the stigma of pawn stores by not distinguishing the services they offer as being distinctly different from other retail and financial services. Administration also recommends using other tools, including financial empowerment initiatives and Business licence Bylaw 13138, to help manage any identified concerns with pawn stores. As noted above, the actions of other stakeholders and partners such as Business Improvement Areas and commercial property owners can also manage these concerns and support successful commercial areas and streets.

Budget/Financial

Some of the proposed options have potential budget implications, which are discussed in Attachment 3 - Alternative Amendments to Zoning Bylaw 12800. The administrative cost to develop a separation distance map, to track the location and buffer for existing pawn stores, would range from \$10,000 to \$30,000, and would be funded through the Current Planning Branch budget..

Public Engagement

Please see Attachment 4 of the October 2, 2018, Urban Form and Corporate Strategic Development report CR_4754 for further information on engagement activities and the range of perspectives that were shared.

Administration circulated a draft version of this report for review and feedback on July 16, 2018, for a four week period, to the following stakeholders:

- Edmonton Federation of Community Leagues
- All Community Leagues
- Business Improvement Area Associations
- Boyle Street Community Services
- EndPovertyEdmonton
- Edmonton Police Services
- Three local pawn store operators
- 32 local businesses who participated in engagement surveys and indicated interest in receiving the draft report

Administration received comments from five respondents as summarized below:

- Edmonton Police Service indicated that the report reflects the Edmonton reality, and the challenges and benefits that surround pawn stores. Edmonton Police Service noted support for the recommended holistic approach, including efforts to reduce negative social stigma and perceptions of pawn stores, design regulations that encourage community policing through environmental design, and strengthening Business Licence Bylaw 13138 to improve regulations that will expedite the recovery of stolen goods.
- One business stakeholder noted that while predatory lending associated with high-cost lenders impacts individuals trapped in the cycle of poverty, the market for pawned goods is evolving towards online platforms; therefore, pawn shops may become obsolete and further regulation may be unnecessary.
- One pawn store operator indicated the report's findings included their perspective and that the discussion of pawn stores has encouraged them to think about how they too can work to reduce the stigma associated with pawn stores.
- One Business Improvement Area representative indicated they did not support Administration's recommended approach and that pawn stores in their area make it difficult to attract family-oriented businesses.
- One community league representative indicated they did not support Administration's recommended approach and that pawn stores have been a source of problems in their neighbourhood, noting that the community has experienced theft of property that has later been located in pawn stores.

Corporate Outcomes and Performance Management

Corporate Outcome: Edmonton is an attractive city			
Outcome	Measure	Result	Target
City of Edmonton development, building, and business approvals and enforcement foster a safe, attractive, and business-friendly city.	Edmontonians' Assessment: Well-designed Attractive City (% of survey respondents who agree/strongly agree)	53% (2016)	55%
Corporate Outcome: Edmonton is a safe city			
Outcome	Measure	Result	Target
City of Edmonton development, building, and business	Edmontonians' assessment: safe city (percent of survey)	66% (2017)	68% (2018)

approvals and enforcement foster a safe and business-friendly city.	respondents who agree/strongly agree)		
Corporate Outcome: Edmonton has a globally competitive and entrepreneurial business climate			
City of Edmonton development, building and business approvals and enforcement foster a safe and business-friendly city.	Edmonton's Economic Diversity Index*	0.89	0.9

*The Edmonton Economic Diversity Index measures the diversity of Edmonton's economy by comparing the city's employment share by sector to that of Canada's. The result of this measure is calculated based on the City's Municipal Census question - Economic Diversity. The question gauges Edmontonians' employment by sector, based on the North American Industry Classification System.

Attachments

1. Policy framework
2. Recommended Approach to Addressing Pawn Stores
3. Alternative Amendments to Zoning Bylaw 12800

Others Reviewing this Report

- T. Burge, Deputy City Manager and Chief Financial Officer, Financial and Corporate Services
- C. Owen, Deputy City Manager, Communications and Engagement
- G. Cebryk, Deputy City Manager, City Operations
- A. Laughlin, Deputy City Manager, Integrated Infrastructure Services
- R. Smyth, Deputy City Manager, Citizen Services
- K. Armstrong, Deputy City Manager, Employee Services