



## **City Council Poised to Pass Payday Loan Reform November 9, 2015**

Calgary – City Council will vote on implementing rules for where payday loan businesses can operate in Calgary. The Land Use Bylaw amendment will identify payday loan businesses as a specific business type and require a minimum distance of 400 metre between such businesses. These changes were unanimously passed by Calgary Planning Commission in September. Momentum and community partners will present at City Council on Monday in support of these changes.

For two years, Momentum has been working with the municipal government to propose these changes. “Payday lenders disproportionately affects people living on low incomes and open stores in communities with higher rates of poverty. This is true both in Calgary and major cities across the country,” says Jeff Loomis, Momentum’s Executive Director. Of the 82 payday loan stores in Calgary 69 are located in neighbourhoods with above average rates of poverty.

Lenders charge interest rates that, when annualized, can top 600%. Borrowers generally require more than one loan before exiting the payday loan debt cycle. It is not uncommon for borrowers to pay several times the original loan amount. The 400 metre separation is needed to prevent further clustering of payday businesses. The clustering has a negative effect on the atmosphere of surrounding communities and local business. A high concentration of payday lenders can normalise it as a legitimate source of credit when really it is a poor option.

An increasing number of municipalities are using the land use and licensing tools available to them to regulate payday loans. “Several Canadian municipalities and over 200 in the United States have implemented regulations. Cities like Winnipeg, Phoenix, Chicago, and St. Louis require distances between payday lenders. Calgary is in very good company in moving forward with this change,” says Mike Brown, Momentum’s Public Policy Coordinator. Calgary already mandates separation distances between liquor stores and no fewer than a dozen other business types.

While the provincial government can adjust interest rates and borrowing costs, the City of Calgary has jurisdiction over land use and licensing. Momentum encourages City Council to make use of these tools and pass a bylaw amendment. This represents decisive action on the *Enough for All* Calgary poverty reduction initiative which called for a payday loan bylaw in Calgary.

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