RESOLUTION NO. 071544

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

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RESOLUTION REGARDING THE IMPACTS OF AND ALTERNATIVES TO PAYDAY LOANS

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, payday loans, also known as deferred deposit transactions, are short-term cash loans on personal checks held for future deposit, which are made by storefront lenders, check cashers, pawnshops, and via the internet. Typically, borrowers write a personal check for the amount borrowed, which includes an expensive finance charge, and in exchange receive a cash advance. Lenders hold the check until the borrower's next payday when the payment is due, at which point the borrower can either allow the check to be cashed by the lender or redeem the check by paying back the lender; and

WHEREAS, the California Reinvestment Coalition (CRC), a coalition of more than 280 public agencies and nonprofits, found that the average payday lending consumer takes out an average of 10 - 13 loans per year from a single lender and that what often happens is that the borrower is unable to pay the initial loan, within the two weeks allotted. CRC also found that some borrowers patronize multiple payday lenders and take out simultaneous payday loans to pay back other payday lenders. According to a report commissioned by the Silicon Valley Community Foundation in 2009, the typical deferred deposit borrower in California pays $800 for a $300 loan; and

WHEREAS, there are 24 known payday lending outlets within the County of San Mateo. Calculations conducted by the Center for Responsible Lending, a consumer research and advocacy organization, reveal that payday lending establishments collect an average of $252,840 in fees per store per year, resulting in approximately $6,068,160 in payday lending fees assessed on San Mateo County residents annually; and

WHEREAS, statistics suggest that payday lenders are disproportionately concentrated in predominately African American and Latino neighborhoods, and are more prevalent in low- and very low-income communities, and that access to affordable small consumer loans can be difficult in low-income areas and communities of color; and

WHEREAS, to date, many consumer advocacy groups and local agencies are working to stop the growth of payday lenders through moratoriums or ordinances, as in the case of the cities of Pacifica and Daly City in San Mateo County.

NOW THEREFORE, IT IS HEREBY DETERMINED that San Mateo County will explore alternatives to payday lending practices which could help address the issues and negative impacts raised by payday lending and will work with advocates and community groups to educate the public on existing alternatives and to implement such alternatives where necessary. Further, the Board directs planning staff to explore zoning and land use permitting controls, good neighbor policies and similar measures to prevent blight, overconcentration and other negative impacts that might be caused by payday lending establishments on the local neighborhoods, surrounding communities and the County.

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Regularly passed and adopted this 26 TH day of July, 2011.

AYES and in favor of said resolution:

Supervisors:	*DAVE PINE*
	CAROLE GROOM
	ROSE JACOBS GIBSON
	ADRIENNE J. TISSIER
	DON HORSLEY
NOES and against said resolution:	*NONE*
Absent Supervisors:	*NONE*

Carole Groom

President, Board of Supervisors
County of San Mateo
State of California

Certificate of Delivery

I certify that a copy of the original resolution filed in the Office of the Clerk of the Board of Supervisors of San Mateo County has been delivered to the President of the Board of Supervisors.

R. Romero

Rebecca Romero, Deputy
Clerk of the Board of Supervisors

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