



**CITY OF HAMILTON**  
**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**Licensing and By-law Services Division**

<b>TO:</b>	Chair and Members Planning Committee
<b>COMMITTEE DATE:</b>	February 20, 2018
<b>SUBJECT/REPORT NO:</b>	Business Licensing By-law 07-170, Payday Loans Businesses (Schedule 11) (PED16039(a)) (City Wide) (Outstanding Business List Item)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Robert Ustrzycki (905) 546-2424 Ext.4721
<b>SUBMITTED BY:</b>	Ken Leendertse Director, Licensing and By-law Services Planning and Economic Development Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the Business Licensing By-law 07-170 (Licensing By-law) be amended by replacing Payday Loans (Schedule 11) with the draft By-law attached as Appendix “A” to Report PED16039(a) which has been prepared in a form satisfactory to the City Solicitor be enacted by Council;
- (b) That the item respecting Payday Loans be identified as complete and removed from the Planning Committee Outstanding Business List.

**EXECUTIVE SUMMARY**

On November 3, 2016 the Minister of Government and Consumer Services introduced Bill 59, *Putting Consumers First Act* (Consumer Protection Statute Law Amendment), 2016. The Bill 59 amendments to the *Payday Loans Act, 2008* and *Municipal Act, 2001* expand the municipal authority to limit the number and location of payday loans establishments within the City.

On December 12, 2017 Bill 59 received Royal Assent. The amendment to allow local municipalities to regulate the location and number of payday loans establishments has been proclaimed by the Lieutenant Governor into force and effective January 1, 2018. This Report proposes changes to Licensing By-law, Schedule 11 – Payday Loans, to be in line with the newly enacted provincial legislation.

***Alternatives for Consideration – Not Applicable***

## **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial / Staffing / Legal: N/A

## **HISTORICAL BACKGROUND**

In July 2015, Councillor Matthew Green presented a Motion to Council calling on the Provincial Government to strengthen the protections afforded by the *Payday Loans Act, 2008* and to assist municipalities in limiting the numbers and locations of these cheque cashing outlets.

Council further requested that staff research the feasibility of licensing payday loans establishments within the City and the requirement for locations to post their rates and supply debt counselling information. On February 24, 2016, Council approved Item 6 of Planning Committee Report 16-003 to license payday loans businesses under the Licensing By-law.

The Bill 59 amendments to the *Payday Loans Act, 2008* and *Municipal Act, 2001* that expand the municipal authority to limit the number and location of payday loans establishments within the City is the catalyst for the proposed changes to Payday Loans (Schedule 11).

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

N/A

## **RELEVANT CONSULTATION**

In addition to the City's Legal Services, Frank Denton and Shane Gallagher from the Ministry of Government and Consumer Services were also consulted in the preparation of this Report.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

The relevant portions of the amendments in Bill 59, relative to the *Municipal Act, 2001* and the *Payday Loans Act, 2008*, expands the City's authority to limit the number and location of payday loans establishments within the City. Currently, the City licenses 30 payday loans establishments.

The proposed Payday Loans (Schedule 11) limits the number of payday loans establishments to a maximum of 15 and no more than one location per Ward. It also recognizes and permits the 30 locations, where establishments currently licensed with the City, may operate provided the premises continues to be used for such purposes,

the business owner maintains their licence and the business carried on therein is in compliance with this By-law.

Approving the proposed Payday Loans (Schedule 11) ensures the City has used all authority granted to it by the Province to reduce the risk to consumers who use alternative financial services. It is recommended that the proposed Schedule 11 be adopted.

In addition to expanding the municipality's authority, Bill 59 also includes the following additional regulatory changes which remain under the Provincial regime that will come into force on July 1, 2018:

- Mandatory extended payment plan for borrowers with three or more loans with the same lender within a 63-day period;
- Loan limit of 50 per cent of a borrower's net pay per loan;
- The cost of borrowing a payday loan must be disclosed as an annual percentage rate in advertisements and agreements;
- Maximum fee for cashing government-issued cheques capped at \$2 plus one per cent of the face value of the cheque, or \$10, whichever is less; and,
- Mandatory provision for a receipt when cashing government-issued cheques.

## **ALTERNATIVES FOR CONSIDERATION**

N/A

## **ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

### **Community Engagement and Participation**

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

### **Healthy and Safe Communities**

Hamilton is a safe and supportive City where people are active, healthy and have a high quality of life.

## **APPENDICES AND SCHEDULES ATTACHED**

Appendix "A": Amending By-law (Payday Loans - Schedule 11)

KL/RU/st