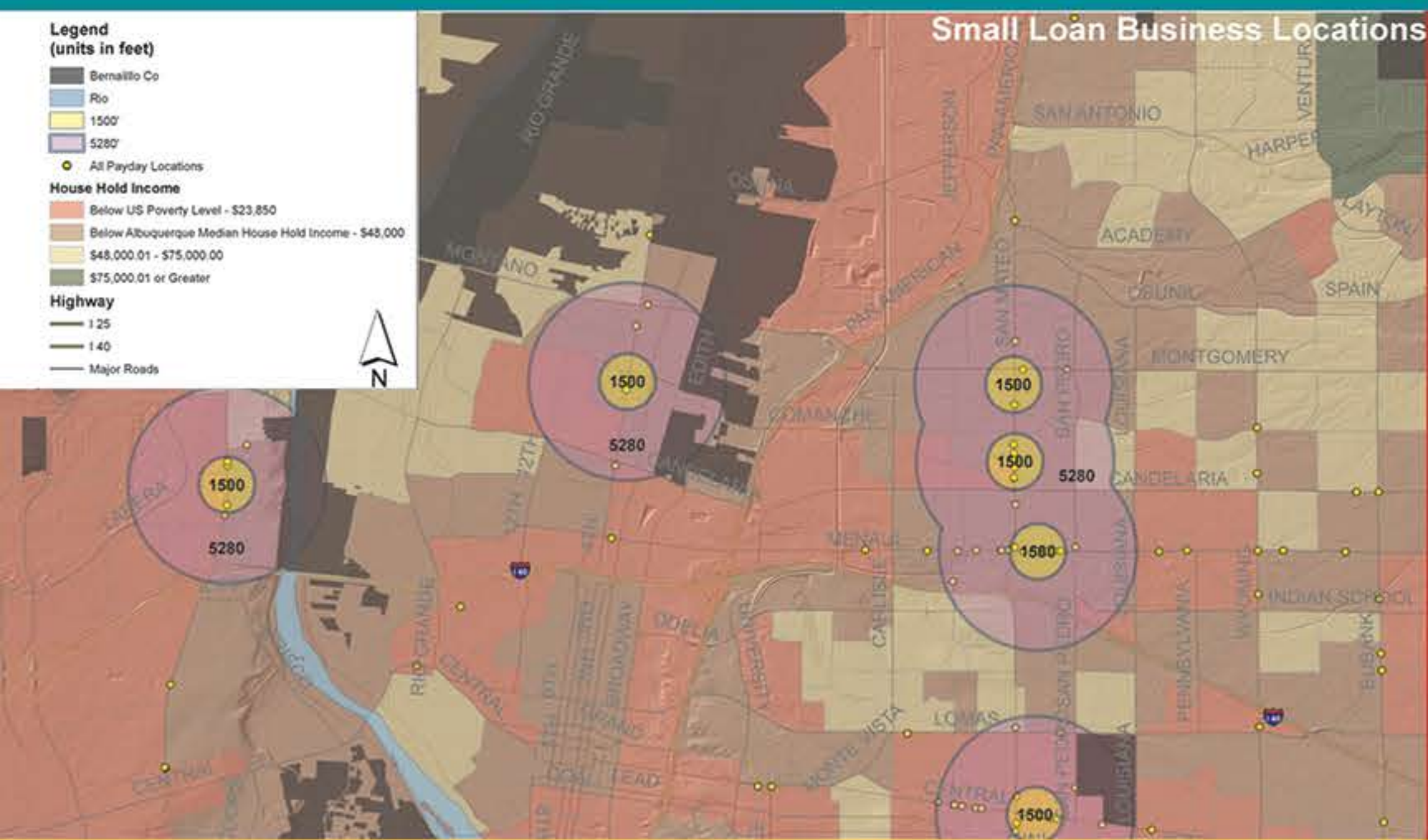




Local Strategies to Regulate Predatory Lending

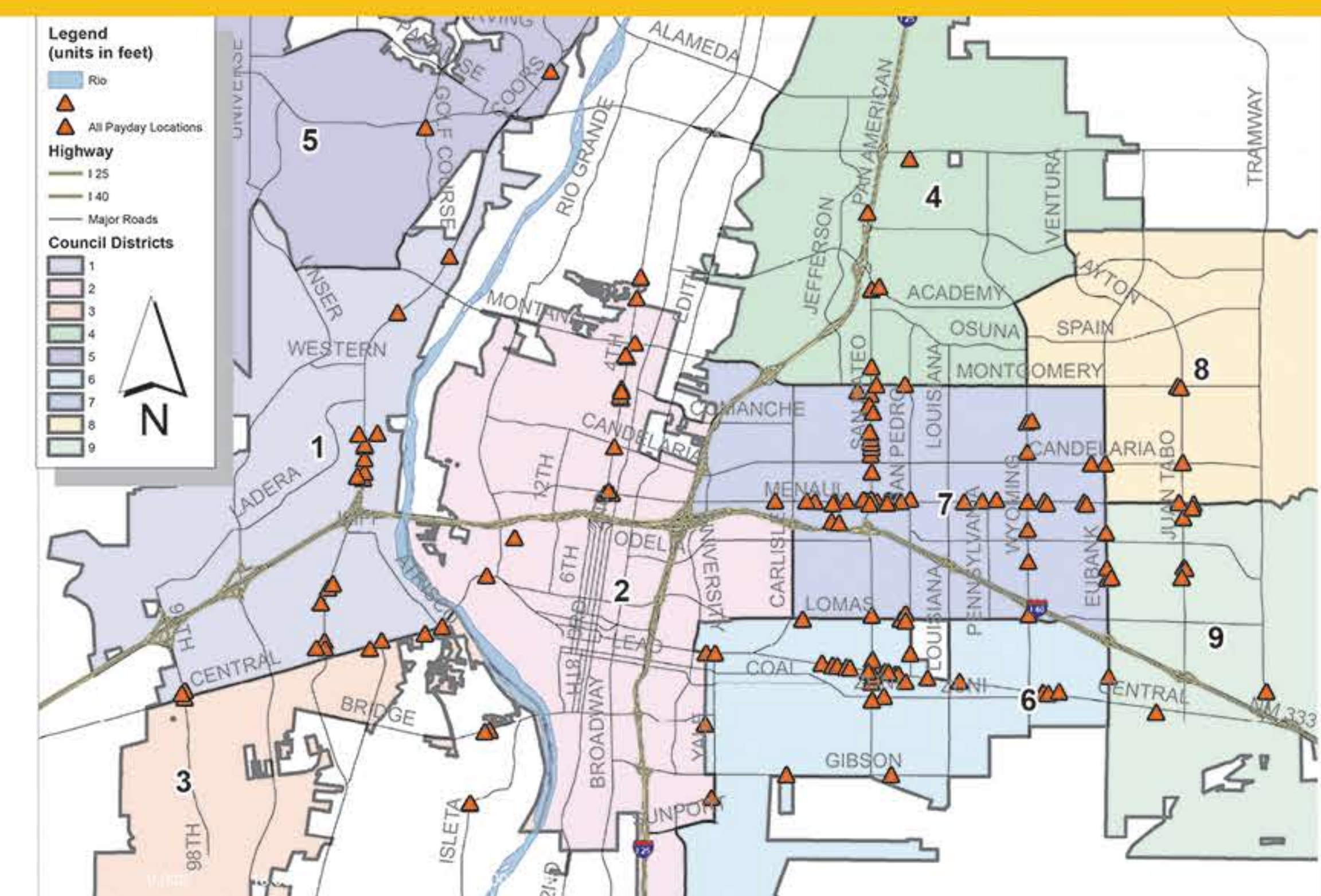
Predatory lenders cause economic distress at the neighborhood level



New Mexico consumers were charged \$99 million in interest and fees on small loans with an annual percentage rate of 175% and higher*. In the absence of state regulation, PCA leaders formulated an innovative local strategy to regulate predatory lenders

**New Mexico Regulation and Licensing Department*

The New Mexico State Legislature has failed to regulate predatory lenders, causing harm to low and moderate income communities



Effects of Predatory Lending:

Exacerbates Poverty

Clustering of predatory lenders tends to not only serve as an indicator of economic distress within a community, but also as an exacerbating factor in that distress.

Contradictory to Investments in Community

Predatory lenders are prevalent in predominantly low-income areas in Albuquerque. These areas correspond with much of the City's redevelopment investment target, which is contradictory to the intent of those investments.

Unregulated

Since 2009, the prevalence of predatory lenders has risen within the Albuquerque Metro. There are approximately 116 predatory lenders located in the City, with 58 new locations having been established since just 2009.

A study by the Southwest Center for Economic Integrity out of Tucson, Arizona, found that approximately \$20 million dollars in fees were being extracted annually by predatory lending businesses from residents in Pima County, Arizona – largely in the same redevelopment neighborhoods where local governments had invested approximately \$8 million in redevelopment funds

PCA leaders formulated an innovative strategy using local land use and zoning laws to regulate predatory lenders



PCA leaders pursued a City Council proposal to regulate the physical location of predatory lender businesses within the City of Albuquerque. The proposal, sponsored by City Councilor Isaac Benton, called for a minimum distance of a one-mile radius as measured from property line to property line for any new predatory lending business that seeks to open.

After much debate, the proposal gained a unanimous vote in favor. The local community decided that they were not going to wait for the state to act on predatory lending – they took the matter into their own hands!