

memorandum

DATE: July 11, 2025

TO: Lathrup Village Planning Commission

FROM: Jill Bahm & Eric Pietsch, Giffels Webster

SUBJECT: Zoning Amendment – Money Service Businesses

Previous Discussions

At the June 17, 2025, meeting, the Planning Commission held a public hearing for the public to comment on the proposed ordinance amendment that addresses regulating money service businesses in the city. The Planning Commission recognizes the legitimacy of this type of business but also intends for them to be limited in the community. The proposed amendment included allowing this type of use in both the Commercial Vehicular and Mixed-Use zoning districts, but upon further discussion, the Planning Commission agreed to allow the use within the Commercial Vehicular district only. The attached draft amendment reflects that change.

At the May 20, 2025, meeting, the Planning Commission discussed the proposed ordinance amendment language as well as the research provided in the planner's memo, pertaining to establishing limitations to money service businesses in the community. While there was some interest in further restricting the use to the Commercial Vehicular District only, the overall consensus was that the proposed 1-mile separation requirement would prevent more than 2 or 3 money service businesses from being permitted in the city as a whole. The community and surrounding area are served by money services businesses that exist within reach, beyond the city limits.

An update to the proposed amendment is found in Section 4.23 which removed reference to the Southfield Police Department. Otherwise, the Planning Commission moved to establish a public hearing to consider the proposed amendment, as written, at the June 17th meeting.

The remainder of this memo is provided as background.

Introduction

What prompted this amendment?

At the March 17, 2025 meeting, the Lathrup Village City Council resolved to impose a 180-day moratorium on accepting any applications to locate money service businesses within the city and that the Planning Commission shall not process any applications for such uses during the moratorium period. In recognition that market size of money service businesses has grown rapidly in recent years with a compounded annual growth rate greater than ten percent a year, there is an inherent need to study the issue in order to ensure consistent, cohesive, and sensible land use and development in the city, including responding to the local needs and goals of the Master Plan. As part of the resolution, the City Planner, City Attorney, and City Administrative Staff are tasked to propose language to be presented for a public hearing to the Planning

1. InCharge Debt Solutions. [What Is Check Cashing? Benefits, Downsides, & How it Works](#)
2. [Drowning in Debt: A Health Impact Assessment of How Payday Loan Reforms Improve the Health of Minnesota's Most Vulnerable - Human Impact Partners](#)

Commission and ultimately to the City Council to define what a money service business may consist of, to propose which zoning district(s) that such use should be located within, whether such use shall be a permitted or special land use within the applicable zoning district, and to propose regulations managing the concentration of such businesses.

Why is there concern?

According to InCharge Debt Solutions¹, check cashing businesses provide services to millions of people, but they should not be relied upon for the long term. On a one-time basis when the need is high, using the service can be beneficial, but the high fees of the service add up and lead to a debt spiral that is hard to break. The fees to cash checks on a continuous basis can result in difficult cycles, particularly for low-income users who are seeing a percentage of the little money they earn, go to a service just to cash a check. Among the negatives:

- **Fees:** The Consumer Federation of America reports the average nationwide percentage to cash a check at a service is 4.1% of the value of the check and that it varies by state.
- **Upselling:** The selling of predatory lending, such as payday loans, for immediate cash but with unreasonably high interest rates.
- **Risk:** Customers who complete a transaction at a check cashing business with a large amount of cash may be targeted by would-be criminals.
- **No federal protection:** There is no FDIC protection of money as there is at a bank.
- **Getting trapped:** The instant gratification of easy money may be convenient but in the long term, results in more harm than good to a person's financial wellbeing.

The high fees and interest charged by check cashing payday loan businesses drain money from local economies, reducing the disposable income of residents and limiting community investment. This can lead to a decline in local business activity and hinder community development efforts.²

Current Ordinance

The ordinance does not include any provisions for money service businesses, more commonly referred to as check cashing businesses, nor does it define a term, or related term. It is important to state that money service businesses are not banks and do not provide banking services, and therefore, it is imperative to include a definition within the ordinance to establish that distinction.

Money service businesses are a convenience by nature and therefore operate within modest-sized building footprints. There are currently two existing money service businesses located in the city; one within the CV -Commercial Vehicular zoning district, and the other in the MX -Mixed-Use zoning district; and both along the west side of Southfield Road near 12 Mile Road. Communities throughout the country are taking precautionary measures in order to ensure the presence, or overabundance, of money service businesses do not negatively impact the quality of life, public health, safety, and general welfare of the community. As a built-out community, Lathrup Village is well positioned to amend its zoning ordinance in order to address these uses in a manner that is fitting for the residents of the community.

Considerations

What are the appropriate options for money service businesses?

The neighboring city of Southfield adopted restrictions limiting the location of money service businesses in 2012. The city of Southfield has implemented a set of conditions for Alternative Financial Services that may be viewed as excessive in Lathrup Village, given its much more confined context. With that said, for consistency, we propose the definition of terms to be aligned with those found in Southfield's code. A

combination of restricting money service businesses to be no less than 1 mile from each other and allowing for the permitting of them as special land uses within the Commercial Vehicular and Mixed-Use districts only, significantly limits where this type of use could be permitted within a city of such small stature. Our analysis finds that money service businesses exist in close proximity to all city boundaries of Lathrup Village, and as a result, satisfy the demand for one or more facilities in a 1-to-2-mile distance. The context of the built environment along the commercial corridors in Lathrup Village, coupled with the intentions of non-residential zoning districts, and the community's Comprehensive Plan, result in a recommendation that any development application for a money service business be restricted to the Commercial Vehicular and Mixed-Use districts as a special land use, subject to the review and consideration of the Planning Commission and City Council, with solicited input from the public.

Considering there are money service businesses in two separate zoning districts that provide service to the city's residents, we suggest proposing spatial restrictions within these districts (Commercial Vehicular and Mixed-Use) and prohibit the use in all other zoning districts. These restrictions are listed in Article 4, Use Standards, below, and will restrict additional money service businesses, will initially allow for no more than three such uses, and ultimately will likely permit no more than two uses in the city in the future.

Bearing in mind the "Intent" statements of the Commercial Vehicular and Mixed-Use districts in the zoning code, the intent of the Commercial Vehicular district is *"to provide automobile-oriented commercial uses that typically create higher trip generation along major intersections within the city, where potential adverse impacts on adjacent uses may be minimized."*

- These areas are limited to Southfield Road at 12 Mile Road and Southfield Road at 11 Mile Road/I-696.

The intent of the Mixed-Use district is *"to allow flexibility in the redevelopment of property along Southfield Road, where frontage lots limit the availability of parking and compliance with building setbacks. This district will encourage pedestrian-oriented design and will complement the Village Center district."*

- The majority of parcels along Southfield Road are zoned Mixed-Use, which dictates the proposed separation dimensions that will ultimately limit the number of money service businesses along Southfield Road, and to a lesser extent, the north side of 11 Mile Road (east of Southfield Road).

The articles of the ordinance where amendments are proposed are briefly summarized below. The proposed text amendment follows this memo.

Article 2. Definitions.

See attached text amendment.

Article 3. Zoning Districts.

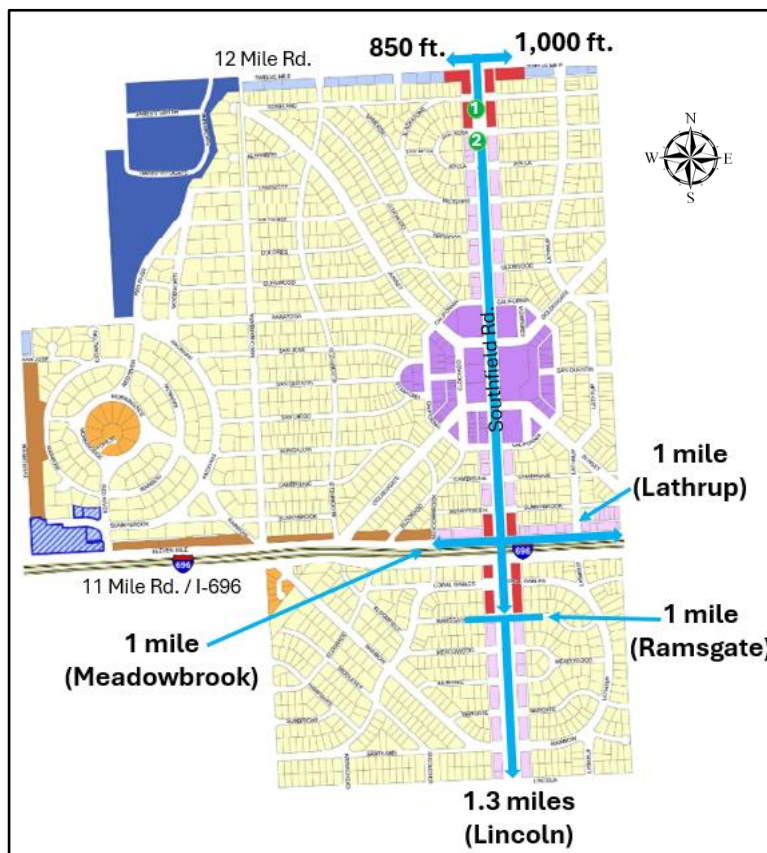
Money Service Businesses may be permitted in the CV -Commercial Vehicular and MX -Mixed-Use zoning districts, subject to special land use approval. Proposed special land uses require a full site plan review for consideration by the Planning Commission, a public notice for a public hearing, and ultimately, approval by the City Council. Money service businesses will not be permitted by right in any zoning district.

Article 4. Use Standards. A money service business cannot be located nearer than 1 mile (5,280 feet) to any other money service business location. Establishing this type of requirement is considered a “dispersal standard”. In Lathrup Village, there are two existing money service businesses that are approximately 500 feet apart; therefore, these uses shall be considered legally nonconforming until one, or both, no longer exist.

In the future, if one of the two businesses were to close, and/or relocate, they would only be able to do so, by way of a special land use request, on either a Commercial Vehicular or Mixed-Use zoned parcel, and no less than one mile from any other money service business. Applying this standard would limit possible parcels to the south side of the city within either the CV or MX district. The map in Figure 1, at right, shows the approximate 1-mile distance from the existing money service businesses, and further illustrates how the proposed ordinance language will limit these uses.

FIG. 1. Distances (blue arrows) from existing money service businesses (green circles). No money service business is permitted within 1 mile of another and may be permitted as a special land use in the CV district (red) and MX district (pink) only.

A third money service business may be considered for special land use approval but would be restricted to MX parcels on Southfield Road, south of Ramsgate, and MX parcels, on 11 Mile Road, east of Lathrup; locations that are no less than a mile from the existing money service businesses.



If any one of the three money service businesses were to close, any future scenario would likely result in only two money service businesses existing at any given time thereafter, as their separation would consistently be limited to 1 mile or greater within the boundaries of the city. *Distances are approximate in Fig. 1 above.*

Per Section 4.7 of the zoning code, businesses in Lathrup Village are permitted to operate between the hours of 7:00 a.m. and 11:00 p.m. We recommend the allowed hours of operation for money service businesses be reduced to 8:00 a.m. and 7:00 p.m. We find that a common hours of operation for money service businesses is between the hours of 9:00 a.m. and 6:00 p.m. The Planning Commission may consider allowing different operating hours.

Article 5. Site Development Standards.

Off-street parking requirements for money service businesses would align with the current standards for professional and administrative office uses, which are defined as, “*Businesses which serve as offices for professional, executive, administrative, and medical uses, including the offices of architects, accountants,*

insurance, doctors, dentists, government, and financial institutions”. Therefore, money service businesses are proposed to require:

- 1 space for every 275 square feet of gross floor area. Section 5.13.14.C.i. Business and Commercial Uses (professional and administrative offices, including cannabis safety compliance facilities).

What does the Master Plan say?

Vision, Goals, & Objectives

What do we want and why?

- Thriving local businesses
- Employed workforce
- A convenient selection of goods and services
- A diverse tax base with a resilient economy
- Provide meaningful, well-paying jobs for residents
- Provide entry-level jobs for younger residents
- Offer access to local goods and services for residents

Future Land Use

Commercial Vehicular

- The intent of the Commercial Vehicular category is to serve transient customers, creating a higher trip generation to the commercial site. These areas are located along Southfield Road at the intersections of 11 Mile Road and 12 Mile Road. The uses envisioned within this land use class would include retail, restaurant, service businesses such as banks, professional offices, and gas stations.

Mixed Use

- The blocks north of the Village Center and blocks south of 11 Mile Road are designated mixed use, to be redeveloped with residential, office, and “lower trip-generation retail businesses.” Most of the Southfield Road Corridor, except the Village Center and mile road intersections, are designated as Mixed Use.
 - Given the modest size of money service businesses, the Mixed-Use district is likely to accommodate this type of use in the existing urban context.

Village Center

- The Village Center establishes a concentrated area for commercial and civic activities. It is envisioned that there will be a mix of public and private property, including residential, office, retail, restaurant, entertainment, gathering spaces, and recreation areas. The final configuration of Southfield Road will dictate the size and development footprint of the area. It is anticipated that the internal road network will be developed to continue the alley system and the conceptual “Park Street Promenade.” The current civic facilities are intended to remain in the Village Center area but may be leveraged or reconfigured to accommodate the redevelopment as envisioned for a vibrant, compact, pedestrian-oriented downtown area.

- Given the extent to which the proposed amendment language restricts money service businesses to not less than 1 mile, the Village Center is not included in the zoning districts that will allow for those types of uses.

Commercial Corridors / Downtown Plan

- The Lathrup Village Downtown Development Authority (DDA) includes all parcels zoned CV - Commercial Vehicular. The Commercial Corridors and Downtown Plan reports, *“the future success of Lathrup Village’s current effort to revitalize its commercial area will depend, in large measure, on the readiness and ability to initiate public improvements that strengthen the commercial area and when feasible to participate in the development of new private uses that clearly demonstrate the creation of new jobs, the attraction of new business, and the generation of additional tax revenues.”* The moratoria placed upon money service businesses is a proactive response to a recognized threat and relies upon the Master Plan and its studies to determine how to best address the ongoing goals of revitalizing the downtown area.
- When considering applications for special land use approval, the Planning Commission should look to the goals and objectives of the Commercial Corridor Plan of the Master Plan. This will provide sound guidance when considering whether a particular site is suitable for use as a money service business.

Summary / Recommendation

The Planning Commission may wish to further discuss the proposed draft language that follows. Once satisfied with the text, a recommendation to City Council will follow.

Amend Section 2.2: Definitions to add:

Money Service Business. Any non-chartered financial institution offering check cashing services, currency exchange, pay-day loans, and/or similar services as its primary function.

Check Cashing Facility. A money service business that for compensation engages, as its primary function, in the business of cashing checks, warrants, drafts, money orders, or other commercial papers serving the same purpose. "Check cashing facility" does not include a state or federally chartered bank, savings association, credit union, or industrial loan company. "Check cashing facility" also does not include a retail seller engaged primarily in the business of selling consumer goods, including consumables, to retail buyers that cash checks or issue money orders for a minimum flat fee as a service that is incidental to its main purpose or business.

Amend Section 3, Zoning Districts, to add Money Service Business as a special land use in the CV -Commercial Vehicular Zoning District.

Section 3.1.6.C.xii. Money Service Business

Amend Section 4, Use Standards, to add a new standard:

Section 4.22. Money Service Business. When permitted as a special land use, the Planning Commission shall consider all of the following:

1. A money service business shall not be located any nearer than 1 mile (5,280 feet) to any other money service business location.
2. That the money service business will not have a negative impact on adjacent residential neighborhoods.
3. That the money service business will not result in a negative impact on surrounding businesses.
4. The petitioner has implemented the recommendations made by the City of Lathrup Village's Police Department regarding site security.

Amend Section 5, Site Standards, to add a new use:

Section 5.13.14.C. Business and Commercial. i. Professional and Administrative Offices to include "money service business".

1 space for every 275 square feet of gross floor area.