

Consumer Financial Protection Strategic Plan

21st October 2022

INTRODUCTION

As part of the CityStart process, the City of Jackson's administration worked with area stakeholders and residents to form an advisory council and draft a Financial Empowerment BluePrint which included a strategic plan for improving financial health and literacy for its residents. One of the key elements of this plan involves consumer financial protection initiatives, including education and awareness campaigns, and enactment and enforcement of public policies aimed at limiting and deconcentrating predatory lending services. The administration felt it would be important to also provide financial counseling and education alongside these efforts, which led to the establishment of the Jackson Financial Empowerment Center. As further proposed, the Mayor's Office began to pursue opportunities to facilitate greater financial empowerment across our community and established the Office of Financial Empowerment (OFE) to direct and oversee the City's efforts and implement new programs and initiatives toward this end.

Recent economic hardships caused by the COVID-19 pandemic and rising inflation have shown that predatory actors are quick to take advantage of these situations by targeting more vulnerable populations; it is therefore evident that efforts are needed in the area of consumer financial protection to address a prevalence of bad actors and unfair business practices.

MISSION STATEMENT

The City of Jackson's prime responsibility and interest is in ensuring fair treatment and general well-being of all its residents. The mission of this plan is to prioritize, craft,

and implement solutions to minimize, mitigate, and/or eliminate the negative outcomes of consumer financial protection issues, and promote consumer education, awareness, and empowerment among all Jackson residents.

GOALS, CONTEXT, AND OBJECTIVES

- **Goal 1: Enact widespread consumer rights education campaigns**

A critical role the City could play in addressing consumer financial protection is notifying residents of their rights under our current laws and ordinances as well as the resources and services that already exist and emphasizing the importance and ease of access to credible financial services. This can be accomplished through social media outreach in addition to other marketing strategies.

- **1.1** The OFE will work with local agencies and organizations to gather and disseminate information and resources available for citizens in order to increase public awareness of consumer rights, risks, and potential options for recourse against fraud and predatory practices.
- **1.2** The City will utilize its social media platforms to distribute information including producing and/or broadcasting informative videos and posts as well as a dedicated page on the JacksonTN.gov website. Select information will also be provided on paper fliers/handouts that will be available through the Financial Empowerment Center, its established community partners, and any other organizations at their request.
- **1.3** There will be in-person community meetings as well as virtual forums held in the interest of public outreach and feedback regarding financial protection matters of concern within our city.
- **1.4** When applicable, the OFE will issue press releases and media advisories to announce related events, programs, and/or information.

- **Goal 2: Quell the impacts of predatory lending**

Tennessee is currently battling a financial epidemic in the form of predatory lending. Payday loans are advertised as emergency short-term relief; however, 70 percent of payday loan-reliant Tennessee residents depend on cash advance loans for routine monthly expenses such as car payments, credit card payments, rent, utilities, and groceries. Madison County leads as the state's most concentrated county in alternative financial services per capita with an average of 29.5 locations per 100,000 residents. Through its work over the past three years, the City of Jackson's Anti-Poverty Task Force has identified predatory lending as a key concern for our citizens, especially those faced with persistent and generational poverty.

- **2.1** The OFE will propose a mandatory disclosure ordinance for consumer warnings on financial products that will require prominent signage displaying all costs/fees associated with loan and other services as well as the average interest rate charged for financing. Information on financial risk, loan acceleration, repossession of secured collateral, likelihood of litigation, and penalty fees of alternative financial products will be required when applicable. This ordinance will also dictate the same information be made available on websites and documentation given to consumers.
- **2.2** The United Way of West Tennessee's 211 system and other available sources will be utilized to gather and disperse information on current community resources available to those who may have been victimized by predatory or unfair/deceptive practices.
- **2.3** The OFE will work to create access to credible lending sources through the BankOn initiative, which will serve to provide financial services to underbanked individuals, as well as continue to research other safe and accessible alternative lending organizations that are currently available regionally and nationally.

- **Goal 3: Improve tenant and landlord relations**

Approximately 48 percent of Jackson’s households are renter-occupied. Housing is another high area of concern among the citizens of Jackson due to the prevalence of scams and harmful landlord practices. With House Bill No. 716 recently being passed by the Tennessee General Assembly, the Uniform Residential Landlord and Tenant Act (URLTA) has been amended to prohibit the governing body in a county where URLTA applies from enacting or enforcing regulations in conflict with or in addition to the Act. Although the ability to regulate in this area is limited, the City seeks to aid in promoting financial justice by supporting eviction prevention initiatives and pursuing any endeavors available to hold landlords accountable to providing quality, affordable housing and fair treatment of tenants.

- **3.1** In order to mitigate evictions due to repair disputes, the OFE will work with existing City departments to implement a system of escrow which will be designed to allow both tenants and landlords to quickly resolve issues of rental payments being withheld in lieu of necessary maintenance.
- **3.2** The City will seek to establish and publish a registry of landlords in good standing with both the Environmental Court and the City’s Building Department and make it available to the public as a way of encouraging good practices amongst landlords.

- **Goal 4: Develop processes for complaint intake and remediation**

In order to properly address consumer financial protection issues in Jackson, there is a need to provide and utilize proper means for reporting bad actors. Additionally, once received, complaints and reports must be investigated and addressed.

- **4.1** The City will enhance its 311 and the United Way of West Tennessee’s 211 systems for the creation of a Consumer Financial Protection Hotline— a 24/7 phone network for complaint intake and referrals which, via recorded messages or text, triages callers to transfer them to appropriate partner

organizations and services, law enforcement, or to be handled by OFE staff. Data will be held and collected for analysis in concert with GIS mapping.

- **4.2** The OFE will work to develop a consumer response program and process with diverse avenues of reporting in order to receive complaints from consumers who have been treated unfairly; bring to the City's attention problematic actors, business practices, products, and consumer vulnerabilities; and strengthen the relationship between Jackson residents and their local government. Under this program, any actionable complaints will be referred to an appropriate enforcement body. In order to promote transparency, accountability, and proper communication, we will require response to and/or rectification of complaints received in lieu of adverse actions or fines. Additionally, complaints that have not been addressed or otherwise rectified in a timely manner will be made publicly available.
- **4.3** The OFE will partner with the Better Business Bureau, the City's Health & Sanitation Department, West TN Legal Services, Wo(Men's) Resource and Rape Assistance Program, Jackson Housing Authority, the Chamber of Commerce, and the City's Building Department in order to provide adequate avenues for receiving and addressing complaints in the areas of their respective purviews.
- **4.4** The OFE will onboard and attain access to the Federal Consumer Financial Protection Bureau's complaint database in order to input, access, and record consumer complaints.

- **Goal 5: Dissuade unfair and deceptive business practices**

With enforcement of consumer protection law seemingly deprioritized at the state level and with the momentum of the Mayor and the City Council, Jackson has both a burden and an opportunity to take a larger role in this space. Enacting policies and initiatives towards this end also align with the City's strongly held values to enhance equity and fairness for our citizens and encourage a fair market and level playing field for our local businesses.

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- **5.1** The OFE will present a local ordinance prohibiting unfair, deceptive, and abusive acts and practices that will mirror the current Tennessee Consumer Protection Act which prohibits “unfair or deceptive acts or practices affecting the conduct of any trade or commerce” to be voted upon and enacted by the City Council. This would enable local enforcement when and if a violation occurs. It will also aid in identifying current illegal consumer financial activity occurring in order to improve enforcement efforts.
 - **5.2** In partnership with the City’s Building Department, the OFE will develop a means of tracking repeated contractor scams and enact stronger requirements for reporting building repair and construction.
 - **5.3** The City of Jackson will make a public statement of their attention to and efforts in the area of Consumer Financial Protection and give an overview of its initiatives.
 - **5.4** In order to continue to research, develop, and present policies that deter bad actors, the OFE will consistently engage residents and social service providers to identify major problem areas and businesses within our community that conduct unfair, deceptive, and/or predatory trade practices.

- **Goal 6: Assess the impact of municipal fees and fines**

The City of Jackson operates a municipal court separate from the Madison County General Sessions Court; however, the City can utilize its relationship with both courts to assess the impact of fines and fees and determine policy or process changes that promote financial justice while upholding its mandated codes as well as the criminal justice system.

- **6.1** The OFE will complete a citywide assessment of municipal fines and fees and evaluate their impact on city revenues versus the cost to its residents.
- **6.2** The City will initiate a partnership with the Fines and Fees Justice Center to examine how it can reform local fine and fee structures to promote equity and financial justice. This partnership will also aim to ensure

that the City is not engaging in predatory practices with its current levying and enforcement of fines and fees.

- **Goal 7: Participate in statewide efforts to promote consumer financial protection and education**

There are currently many groups in Tennessee strategizing to enact policy changes and initiatives in this focus. For example, the City of Chattanooga, Metro Nashville, and Shelby County are also working with Cities for Financial Empowerment on consumer financial protection initiatives and will be valuable local government partners in developing a statewide approach to effectively addressing predatory lending. Identifying and partnering with individuals, municipalities, counties, and other Tennessee organizations in concerted joint initiatives can provide credence and strength towards statewide legislation and enforcement in this area.

- **7.1** The City of Jackson, through the OFE, will join Memphis/Shelby County, Nashville, Chattanooga, and Knoxville in their lobbying of the Tennessee Legislature for the passage of Anti-Predatory lending legislation in line with the legislation that New Mexico adopted in 2018, which is considered to be the gold standard nationally.
- **7.2** The City will seek to engage with and advocate to current and future elected representatives at the local, state, and federal levels to advocate for local related issues and rally constituent support for stronger consumer financial protections via legislative acts or executive orders.
- **7.3** The OFE will establish a relationship with the Tennessee Financial Literacy Commission to foster a partnership based on working toward accomplishing our shared mission and goals here in Jackson, TN.