

SPECIAL USE PERMIT

Case Coordinator: Loren Shapiro

GENERAL PROJECT INFORMATION

SITE ZONING: (LI) Light Industrial District

	<u>SURROUNDING ZONING</u>	<u>SURROUNDING LAND USES</u>
NORTH	City of Dallas	Commercial (Multi-Tenants Across East Trinity Mills Road)
SOUTH	(LI) Light Industrial District	Commercial Shopping Center
EAST	(LI) Light Industrial District	Car Wash and Restaurant
WEST	(LI) Light Industrial District	Restaurant
REQUEST:	City-initiated request to repeal Ordinance No. 4285 revoking SUP-523 which allows “all other amusement and recreation uses and activities” due to numerous city codes’ violations.	
PROPOSED USE:	Revocation of SUP-523, which allows “all other amusement and recreation uses and activities”	
ACRES/LOTS:	Approximately 1.8 acres (shopping center) and suite 110 is 2,100 square feet	
LOCATION:	2661 Midway Road, Suite 110	
HISTORY:	The shopping center was constructed around 1985. On November 4, 2025, City Council approved Special Use Permit (SUP-523) to allow “all other amusement and recreation uses and activities”, following recommendation to support the request by P&Z on October 2, 2025. There were repeated city code violations, including to stipulations approved with SUP-523 in February and March of 2026.	
COMPREHENSIVE PLAN:	Industrial	
TRANSPORTATION PLAN:	Midway Road and East Trinity Mills Road are designated as (A6D) Six-Lane Divided Arterials.	
OWNER:	Bent Tree Plaza, LTD	
REPRESENTED BY:	City of Carrollton	

STAFF ANALYSIS

REQUEST

This is a request to revoke Special Use Permit – 523, for the Coded Lounge, in Suite 110, due to repeated violations to the City Code of Ordinances and stipulations adopted for the SUP.

REQUIREMENTS

1. Article 5 Use of Land and Structures of Carrollton’s Comprehensive Zoning Ordinance (CZO), requires a SUP for “all other amusement and recreation uses”.
2. Article 21 Special Use Permits, within the CZO, states that any person, corporation, or group of persons having a proprietary interest in any property which proposes to use such property in a manner which requires a Special Use Permit shall comply with all ordinances, codes, regulations and conditions of the City of Carrollton.
3. On November 4, 2025, City Council approved SUP-523 allowing “all other amusement and recreational uses” for the Coded Lounge, in Suite 110, with the following stipulations:
 - a. Smoking shall be prohibited.
 - b. The business hours shall be limited to Monday to Thursday: 11:00 a.m. - 2:00 a.m.; Friday to Sunday: 11:00 a.m. - 4:00 a.m.
4. A business may not operate before a Certificate of Occupancy (CO) is issued by Building Inspection.
5. A business proposing patrons to BYOB (Bring Your Own Beer) must first apply for a permit with Environmental Services.
6. The sale of alcoholic beverages require a license from the Texas Alcoholic Beverage Commission (TABC).

ELEMENTS TO CONSIDER

1. The Coded Lounge Café operation is described in the narrative which was provided by the applicant on August 26, 2025 (see attached narrative).
2. The applicant’s narrative included the following language indicating knowledge of city regulations and willingness to follow city requirements:

“The business affirms that no sale of alcoholic beverages will occur on the premises. The business expressly reserves the right to evaluate and, if appropriate, pursue the implementation of BYOB service in the future. Should the business elect to pursue a lawful BYOB permit, such implementation would be strictly contingent upon securing all requisite approvals and permits through the City of Carrollton and in compliance with applicable ordinances.”

“The business will cooperate fully with the City of Carrollton, law enforcement, and regulatory authorities to ensure ongoing compliance with all applicable codes, and ordinances.”

“Hookah service is not contemplated under the current operational plan and will not be offered on the premises at this time. Notwithstanding, the business expressly reserves the

right, in its sole discretion, to evaluate and potentially implement hookah service in the future. Any such implementation shall be strictly subject to and contingent upon securing the requisite SUP permit for hookah service from the City of Carrollton and complying with all applicable laws, ordinances, and regulatory requirements.”

3. City staff inspections and violations found –
 - a. Building Inspection staff worked with the Coded Lounge owner/applicant Kenechi Nnamani on requirements for a Certificate of Occupancy (CO). During inspections, staff observed the business operating without a valid certificate and reported the suspected violation to Environmental Services.
 - b. On February 22, 2026, Environmental Services staff inspected Coded Lounge at 1:50 a.m. City staff observed patrons entering and leaving until 2:30 a.m. and documented this with photos, confirming the business was operating without a required Certificate of Occupancy. In response, Environmental Services asked the Carrollton Police Department to inspect Coded Lounge’s interior for possible violations.
 - c. On February 25th and again on March 15, 2026, officers conducted on-site inspections, documenting active operations including alcohol consumption and possible sales, and hookah use (smoking) on their body cameras. Police then provided this evidence to Environmental Services for further enforcement.
 - d. Coded Lounge was found operating without a Certificate of Occupancy.
 - e. Coded Lounge did not possess a license to sell alcohol from TABC, nor a BYOB permit issued from the city.
 - f. Coded Lounge was operating with patrons smoking on-premise, in violation of the SUP.
4. A Certificate of Occupancy was issued on March 5, 2025.
5. Municipal Court Action – On May 21, 2026, during the Prose Pretrial docket, Mr. Nnamani pled “No Contest” to the charges and was assessed fines for the violations. Upon making the plea staff from Environmental Services informed the Building Official and the Planning Manager of the pleadings and requested the Certificate of Occupancy and SUP-523 be revoked.
6. The Certificate of Occupancy was revoked on May 22, 2026, as the result of the convictions. The applicant did not appeal the CO revocation.
7. An SUP should be revoked when the property owner fails to comply with the permit’s specific operating conditions, violates local zoning ordinances or operates in a way that endangers public health and safety.
8. The Planning and Zoning Commission and City Council must hold a formal public hearing to revoke the SUP on findings of fact that show a lack of substantial compliance.
9. On July 2, 2026, Planning and Zoning Commission held a public hearing and heard findings and unanimously recommended to revoke SUP – 523.
10. There were no public comments received.

PURPOSE OF THE SPECIAL USE PERMIT

The purpose of the Special Use Permit is to authorize and regulate uses which may be beneficial in a specific instance to the general welfare of the community yet ensure that such uses are not detrimental to surrounding property and are consistent with the stated purpose of the zoning district in which such uses are located regarding conditions of operation, location, arrangement and construction.

1. Each SUP application is discretionary and must be evaluated as to its probable effect on the adjacent properties and the community welfare and may be approved or denied as the findings indicate appropriate.
2. A SUP should not have negative impacts that exceed the impacts associated and anticipated with a use permitted “as-of-right” in the zoning district.

CONCLUSION

Revocation of SUP-523 is sought due to the chronic nature of the violations – including operating without a valid CO, smoking on-premise, and alcoholic beverages present without licensing from the City or State. The applicant/owner knew the requirements for operating his business within City guidelines per the attached narrative. Additionally, the applicant indicated, at the November 4, 2025, City Council meeting, that there would be no consumption of alcohol on site, no hookah, nor smoking. The applicant made these stated goals with the intent of expanding his business work hours to 4 a.m. on three days (Friday to Sunday). City Council agreed to allow the expansion of business hours as requested.

Based upon City staff inspections, violations observed and the convictions, in the Carrollton Municipal Court, Coded Lounge did not operate in accordance with City codes and therefore revocation of the SUP 523 is warranted in this case.