

## Memorandum



CITY OF DALLAS

DATE April 22, 2011

TO Members of the Budget, Finance & Audit Committee: Jerry R. Allen, Chair; Ann Margolin, Vice-Chair; Vonciel Jones Hill; Angela Hunt; Delia D. Jasso; Ron Natinsky

SUBJECT Alternative Financial Establishment Development Code Amendment Status

Please find attached briefing materials on a proposed development code amendment to create an alternative financial establishment use classification and appropriate development standards for the use. This briefing is a follow up to the February 25, 2011 briefing and will be presented to the committee on April 25, 2011.

Please contact me if you need additional information.

  
A.C. Gonzalez  
Assistant City Manager

C: The Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Deborah Watkins, City Secretary  
Tom Perkins, City Attorney  
Craig Kinton, City Auditor  
Judge C. Victor Lander, Administrative Judge Municipal Court  
Ryan S. Evans, First Assistant City Manager  
Forest Turner, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Edward Scott, Director, Controller's Office  
Helena Stevens-Thompson, Assistant to the City Manager

# Alternative Financial Establishment Development Code Amendment

**City Council  
Budget, Finance and Audit  
Committee  
April 25, 2011**



# Background

- City Council requested that the City Attorney draft an ordinance establishing check cashing facilities and car title and pay day lending businesses a separate main use.
- The Zoning Ordinance Committee considered the issue at 6 meetings beginning in February of 2010.
- Staff and ZOC reviewed several studies and ordinances from other jurisdictions.
- ZOC recommended no change to the current Development Code on October 7, 2010.

# Background

- The City Plan Commission was first briefed and conducted a public hearing on the proposal on January 20, 2011.
- The proposal was considered at a second public hearing on February 3, 2011 at which time CPC recommended approval of creating a new use but did not recommend any minimum separation requirements.
- The City Council Budget, Finance and Audit Committee was briefed on this item on February 25, 2011

# Issues

- Are the possible negative land use impacts of the use greater than other financial service uses and personal service uses
- What is best regulatory approach to control the fees that can be charged by the industry
- Could separation requirement lessen competition and result in higher fees
- Does a concentration of such businesses in an area discourage other desired businesses from locating in the area

# Survey of Other Area Cities

- Farmers Branch
  - Only by SUP
  - 1000 ft from another similar use
  - 500 ft from a highway
- Irving
  - 1000 ft from another similar use
  - 500 ft from a highway
  - 200 ft from a residentially zoned lot
  - Only in a free standing building

# Survey of Other Area Cities

- Mesquite
  - Only by SUP
  - 1000 ft from another similar use
  - 500 ft from a highway
  - 200 ft from a residentially zoned lot
  - Only in a free standing building
- Richardson
  - Only by SUP
  - 1000 ft from another similar use
  - 500 ft from a highway

# CPC Recommendation

- Create a new use for alternative financial establishment.
  - ALTERNATIVE FINANCIAL ESTABLISHMENT means a car title loan business, check cashing business, or money transfer business. An alternative financial establishment does not include state or federally chartered banks, savings and loans, and credit unions. An alternative financial establishment does not include an establishment that provides financial services that are accessory to another main use .



# CPC Recommendation

- Definitions
  - CAR TITLE LOAN BUSINESS means an establishment that makes small, short-term consumer loans secured by a title to a motor vehicle.
  - CHECK CASHING BUSINESS means a business that provides check cashing, payday cash advance, payroll advance, short-term cash loan, short term cash advance, instant payday cash advance, short-term money loan services, or similar services to individuals for a specified fee.
  - MONEY TRANSFER BUSINESS means an establishment that transmits funds for a fee.

# CPC Recommendation

- Allow the use in all non-residential districts except NO, NS, MU-1, UC-1, and P(A) districts
- Require the use to be parked at one space per 333 square feet (office use requirement)
- Amended motion to require 500 ft separation from a similar use failed by a vote of 7 to 7

# Alternative Definition of AFE

- ALTERNATIVE FINANCIAL ESTABLISHMENT means a car title loan business, check cashing business, or money transfer business. An alternative financial establishment does not include state or federally chartered banks, savings and loans, ~~and credit unions~~ and community development financial institutions. An alternative financial establishment does not include an establishment that provides financial services that are accessory to another main use.

# Alternative Districts Permitted

- Except as other wise provided below, by right in all nonresidential districts except the NO, NS, MU-1, UC-1, and P(A) districts.
- In addition to the above requirements, an SUP is required for this use when within 500 feet of another alternative financial institution use.

- By SUP only in all nonresidential districts except the NO, NS, MU-1, UC-1, and P(A) districts.

# Alternative Requirements

- **Minimum Separation**

- No alternative financial establishment may be located within 1,500 feet, measured from property line to property line, of any other alternative financial establishment.

- **Minimum Distance From Residential**

- No alternative financial establishment may be located within 300 feet, measured from property line to property line, from a lot in a residential district.

- **Stand Alone Building**

- An alternative financial establishment may only operate within a freestanding building and may not operate in the same structure as any other use.

# Committee Direction Options

- Hold for State legislative process to be completed to see if additional regulations are warranted
- Recommend forwarding CPC proposed amendment to City Council
- Recommend alternative regulations to City Council for consideration in addition to CPC recommendation