

MEMORANDUM

TO: Claire Powell, City Manager

FROM: Richard E. Luedke, FAICP, Planning Director

DATE: June 15, 2026

SUBJECT: **Public Hearing: Consideration of an Ordinance of the Lewisville City Council Amending Article II, Definitions, Article VII, Uses, Parking Requirements, Supplemental Use Regulations, and Certain Distance Requirements, and Article VIII, Off-Street Parking and Loading Standards, of Volume II of the Lewisville City Code, Known as the Unified Development Code, by Adding a new Definition of “Data Center” to Section II.2.1; Adding “Data Center” to Exhibit VII.2-3-4, Non-Residential Zoning Districts, as a new use in the Accessory and Warehouse and Storage Use Categories and Allowing Such use in Certain Districts With a Special Use Permit (“SUP”); and Adding “Data Center” to the Parking Requirements Outlined in Exhibit VIII.1.4-1, Minimum Parking Requirement; Providing for a Savings Clause, a Repealer, Severability, a Penalty, and an Effective Date.**

BACKGROUND

Demand for data center facilities has surged over the past few years, driven by market shifts and the rapid expansion of cloud computing and Large Language Model (LLM) systems. These technologies require significant increases in computing and server capacity. Currently, the Lewisville Unified Development Code (UDC) does not provide a specific definition for "Data Centers." Under the existing code, these facilities are classified as "Distribution Warehouses," making them permitted "by-right" on any property where a Distribution Warehouse use is allowed. They are also a permitted "by-right" use in any existing warehouse within the City. Lewisville is positioned to see particularly high demand for these uses due to the prevalence of Light Industrial (LI) zoning and an abundance of existing warehouse developments that can be retrofitted to house data centers. While they share a similar physical footprint, data centers differ significantly from traditional distribution warehouses in their operational demands and have great potential to have the following impacts on the community:

- **Resource Consumption:** Data centers typically require a substantially higher volume of water and electricity for cooling and operations, which poses a potential strain on the City's water supply and the electrical capacity of franchise utilities. Two data centers are currently located in Lewisville. The most recent data center constructed has voluntarily incorporated water recycling efforts into the operations of the facility; however, the other older and larger data center consistently uses over 40 million gallons of water per year.
- **Environmental Impact:** These facilities often generate more noise (from cooling fans) and potential pollution (from backup generators) than typical warehouse users.

To address these unique impacts, staff recommends that the special use permit (SUP) process be utilized as a regulatory tool. Implementing an SUP requirement would allow the City to evaluate, on a case-by-case basis, the compatibility of new data centers, or the redevelopment of existing warehouses into data centers, ensuring that infrastructure capacity and environmental impacts are properly mitigated. The Planning and Zoning Commission recommended unanimous approval (5-0), with one member abstaining, on May 19, 2026.

ANALYSIS

To provide for the desired compatibility and to mitigate potential harmful impacts associated with future development or redevelopment of data centers, a new definition and amended use chart listings are proposed for these uses that will require the approval of an SUP for any new data center.

On May 6, 2026, notices were mailed to two property owners and business owners that currently operate data centers. These notices are required by the State of Texas and must contain the following language in 14-point bold font:

THE CITY OF LEWISVILLE IS HOLDING A HEARING THAT WILL DETERMINE WHETHER YOU MAY LOSE THE RIGHT TO CONTINUE USING YOUR PROPERTY FOR ITS CURRENT USE. PLEASE READ THIS NOTICE CAREFULLY.

Unified Development Code Amendments:

The proposed changes to the UDC involve adding a new definition for “Data Center” to Article II, “Definitions” as follows:

Data Center – a facility used primarily for the storage, management, processing, and transmission of digital data, which houses computer or network equipment, systems, servers, appliances, and other associated components related to digital data storage and operations.

Article VII, “Uses, Parking Requirements, Supplemental Use Regulations and Certain Distance Regulations,” Chapter 2 “Allowed Uses by District,” Subsection 4.C. is hereby amended by amending Exhibit VII.2-3-4, “Non-Residential Zoning Districts” by adding “Data Center” as a use and requiring a special use permit for this use in the Light Industrial (LI), Warehouse (WH), and Heavy Industrial (HI) Zoning Districts.

Finally, Article VIII, “Off-Street Parking and Loading Standards,” Chapter 1 “Off-Street Parking Standards,” Subsection 4, “Parking Requirements by Use”, is hereby amended by amending Exhibit VIII.1-4-1, “Minimum Parking Requirements”, by adding the following parking requirement:

1 parking space per 300 square feet of office space and 1 parking space per 2,000 square feet of warehouse area.

CITY STAFF’S RECOMMENDATION:

That the City Council approve the ordinance as set forth in the caption above.