

MEMORANDUM

TO: Claire Powell, City Manager

FROM: Chris McGinn, Director of Neighborhood & Inspection Services

DATE: October 6, 2025

SUBJECT: **Consideration of an Ordinance of the Lewisville City Council Amending the Lewisville City Code by Amending Division 4, Short-Term Rental (“STR”) Units, of Article VI, Chapter 4 to Increase the Maximum Number of STR Unit Permits That May be Active at Any Given Time, Require Compliance With the Distance and Density Regulations Set Forth in the Unified Development Code For the Issuance of an STR Unit Permit, Correct an Internal Reference, and Clarify Definitions and Inspection and Occupancy Standards; and Providing For a Savings Clause, Repealer, Severability, a Penalty, and an Effective Date.**

BACKGROUND

On January 8, 2024, the City Council adopted an ordinance to regulate short-term rentals (STRs) that took effect on July 8, 2024, establishing a permitting program for STR units within the City. On February 19, 2024, a temporary prohibition on new STRs was adopted and placed in the Unified Development Code (UDC) while the permitting program was developed and more research could be conducted.

During 2024, staff received 104 concerns from the community about 41 different STRs related to property maintenance, neighborhood disturbances, and other violations of ordinances, resulting in 26% of those cases leading to arrests, warnings, citations, offense reports, towed vehicles by the Lewisville Police Department, or a notice of violation/ citation issued by the Code Enforcement Division. A citywide survey conducted in February and March of 2025, showed 64% of the 602 respondents supported a minimum distance between STR unit permits citywide, 71% agreed that there should be a limit on the number of STRs in an apartment complex, and 79% agreed that there should be a limit on the percent or number of STRs per block face. City residents voiced concerns about STRs through the City’s resident engagement app, an open house in March 2025, and an additional survey in April 2025, citing issues such as lack of street parking, noise disturbances, criminal complaints, increased traffic, and a diminished sense of community.

On March 3, 2025, the City of Lewisville raised the maximum number of active STR permits from 90 to 130 units, a number originally calculated at approximately 0.5% of all single-family dwelling units in the City, without including multi-family dwelling units. Staff continued outreach about the density of STRs in Lewisville. Staff conducted an open house and second follow-up survey, and it was identified that 32% of 29 participants indicated that a distance between 820 and 1,000 feet between STR was appropriate in single-family neighborhoods. Currently, no permitted STR unit operates in a multi-family dwelling in Lewisville, but because such operations are common in other cities, permits for STRs in multi-family units may be requested in the future. The Planning and Zoning Commission approved (6-1) a recommendation to amend the UDC on July 15, 2025, to set distance requirements for STR units.

ANALYSIS

Staff is proposing a few additional amendments to the existing ordinance in Article 4:

- Increasing the maximum number of active STR permits from 130 to 150 to allow for potential STR permitting in multifamily zoning
- Clarifying that the advertised occupancy limit is determined by the number of bedrooms to prevent non-bedroom areas from being used as sleeping spaces
- Establish reinspection fees to recover costs and grant the City the authority to deny permits when a reinspection is not requested in a timely manner to ensure applications are finalized.
- Clarifying that the applicant for an STR permit must meet the density requirements found in the most recently adopted version of the Unified Development Code as presented in Item 1 on October 6, 2025, City Council Agenda.

CITY STAFF'S RECOMMENDATION

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