

MEMORANDUM

TO: Donna Barron, City Manager

FROM: Richard E. Luedke, Planning Director

DATE: August 19, 2019

SUBJECT: **Public Hearing: Consideration an Ordinance Amending Chapter 17, Zoning, of the Lewisville City Code, by Amending Section 17-3, Definitions and Additional Use Regulations, to add a Definition for Professional Offices; Section 17-22.6, Old Town Center Business District Regulations, to Create a Subdistrict Within the District with Additional Restrictions on Height and a Subarea Within the Subdistrict with Additional Restrictions on Uses; and Section 17-29.5, "SUP" Special Use Permit, to Clarify the Transferability of an SUP.**

BACKGROUND

As development continues in Old Town, concerns have been raised on two issues which might impede the achievement of the goals for Old Town as set forth in the Old Town Master Plan and the Lewisville 2025 Plan, Big Move Number 3: Old Town. These two issues include the amount of existing office uses on the ground floor in the core area and the relatively low maximum building heights allowed in the core area.

Existing Office Uses

Concerns have been raised from local business owners and the Main and Mill Business Association about the amount of first floor space that is occupied by office uses within the Old Town Center Business District (OTC). One of the goals of the Old Town Master Plan is to "Limit allowed land uses to those that compliment pedestrian movement such as small store retail, restaurants, and office uses." While having office as part of a mix of uses is beneficial in a downtown, too much ground floor space devoted to office use can be a detriment to pedestrian movement and activity, as there is less space left for uses that draw the general public, such as retail, restaurant and entertainment uses.

In trying to achieve a balance of uses that help generate pedestrian traffic to activate the OTC District, a good rule of thumb is to not exceed approximately 25 percent ground floor office use. An analysis of existing ground floor uses in the Old Town Center District revealed 27 percent of ground floor space was currently used for offices. This is slightly higher then the desired range. Staff has also recently received inquires for additional office uses, including call-centers, in ground floor space in the OTC District. Staff proposes a requirement for a special use permit for ground floor office in the OTC District zoning in order to better balance uses to achieve the stated goals of the Old Town Master Plan.

Building Height

Concerns have been raised from possible developers that the current height limits do not allow for the types of mixed-use developments the city desires. The current building height was based on existing conditions; however, current market practices for larger mixed-use developments with structured parking require additional height in order to offset the increased development costs. The City has engaged in preliminary talks with several mixed-use developers who would need additional height for potential projects, although, the City still desires to protect the integrity of the historic core.

The solutions identified by staff are to require a special use permit (SUP) for ground floor office uses in the OTC District and to increase the height permitted in the district. These changes were presented in an open house format to all stakeholders in the Old Town Center District on June 6, 2019. In addition, Planning staff held one-on-one meetings with current office tenants that would be impacted by the SUP requirement. The Planning and Zoning Commission recommended unanimous approval (7-0) on August 6, 2019.

ANALYSIS

Requiring an SUP

As staff reviewed the variety of uses currently permitted in the Old Town Center Business District, it was identified that ‘Business or commercial schools’, ‘Clinic, medical and dental, and related professional offices’, ‘Day nurseries’, and ‘Professional offices’ should all be limited on the ground floor, particularly in the key area along Main Street, east of Charles Street and west of Mill Street.

In order to focus only on the target area along Main Street between Charles Street and Mill Street, a sub-area within the Old Town Center zoning district has been added based on this geographical area. This has been termed the Main Street Corridor Subarea. This allows the SUP regulation to be narrowly tailored to the area where the concern is greatest.

To provide better clarity in the use list, a definition has been added for professional offices. The proposed definition is “*any offices maintained and used as a place of business in which the primary purpose is not to sell or exchange goods or merchandise.*” This is a broad definition of office use.

Another concern raised was the transferability of SUPs. Currently, once an SUP is granted, the right to have the use can be transferred from the operator or owner of that use to another. Since the goal in Old Town is to maintain a desired level of office uses over time, staff has added a provision to the SUP ordinance that addresses the transferability of SUPs. The way the code is proposed, an SUP will be assumed to be transferable unless specifically stated otherwise in the approval ordinance. This would provide the Planning and Zoning Commission and City Council the opportunity to specify that the SUP is granted to the applicant and is not transferable. Under this scenario, if an SUP was granted for an office user and they wished to sell or re-tenant the property to a different office user, a new SUP would be required. This will allow assessment of market conditions at that time and the percentage of offices uses on the ground floor. This provision would apply to all SUPs in all zoning districts.

Increased Building Height

As Old Town Lewisville continues to attract investment, the desire for additional height on structures has become apparent. In order to meet this demand and allow for exciting mixed-use projects that promote the goals of Old Town Lewisville, additional height is needed. An increase to the maximum building height is proposed in the OTC District from 3 stories or 45 feet to 75 feet. This would match the Old Town Mixed Use 2 (OTMU2) District, which allows for a maximum height of 75 feet for commercial and multifamily structures. In the Old Town Master Plan, the proposed zoning map shows the OTC District surrounded by OTMU2 zoning.

In order to protect the character of the most historic parts of Old Town, a sub-district was created, called the Plaza Sub-district. This subdistrict encompasses the same area as the Main Street Corridor Subarea plus properties fronting the south side of Church Street and the west side of Mill Street, as shown in the attached maps. This is considered the heart of Old Town Lewisville and where most of the historic buildings are located. In this area the maximum height will remain 3 stories or 45 feet.

RECOMMENDATION

It is City staff's recommendation that the City Council approve the ordinance as set forth in the caption above.