

**STAFF REPORT ON PETITION FOR ZONING ORDINANCE TEXT AMENDMENT****PLN-ZOTA-25-00002: AMENDMENT TO ARTICLE 8 CORRIDOR BUSINESS (B-3) ZONE**

APPLICANT: Urban County Planning Commission

PROPOSED TEXT: SEE ATTACHED (Note: **Red** text indicates a change to the existing Zoning Ordinance; **Blue** text indicates the staff alternative text; text ~~stricken through~~ indicates a deletion.)

STAFF REVIEW:

On January 30, 2025, the Urban County Planning Commission initiated a text amendment to the Zoning Ordinance. With their action, the Planning Commission provided language that would remove lot coverage requirements in the Corridor Business (B-3) zone. The following report reviews the proposed Planning Commission regulation change and makes a staff recommendation to modify the proposed text amendment.

TEXT AMENDMENT PROPOSAL

The proposed text initiated by the Urban County Planning Commission would remove the Article 8-20(l)(1) requirement for a minimum lot coverage of 30%.

EVALUATION

With the adoption of the Urban Growth Management ZOTA in June 2024, there was a significant realignment of two of Lexington's primary commercial zones. The goal in this realignment was to provide a better differentiation between the Neighborhood Business (B-1) and the Corridor Business (B-3) zones, as well as to improve the efficiency of allowable land uses in both zones to be more consistent with the adopted policies of *Imagine Lexington 2045*. In particular, the B-3 zone was modified to reduce the concentration of lots for the display, rental and sales of automobiles and similar items and ensure safe access spacing between automobile service stations. Additionally, a requirement was added to establish a minimum building lot coverage of 30%. Taken as a whole, these changes were intended to create additional development opportunities with a greater utilization of the land. The goal, as communicated throughout the ZOTA process, was to incentivize smaller commercial outlots using roughly the same size buildings as before, creating greater buildable space for additional outlots. The goal was to yield more development in the same amount of space. Staff based the recommended 30% threshold on an analysis of commercial property conducted in 2017-2018 that indicated the requirement would only be a 2-3% increase from the existing average built floor areas. Additionally, the review of historical development patterns indicated that the impact would affect few parcels.

However, in the ten months since the adoption of the ordinance, commercial development applicants have expressed difficulty in complying with the 30% lot coverage for a myriad of reasons. In addition, development applications post-COVID have shifted to meet the current consumer preferences for



drive-through, pickup, and delivery services. The current market trend is in opposition to the historical trends staff had observed following other code reforms to facilitate infill along corridors.

Following the Planning Commission's initiation of the proposed text to remove the 30% lot coverage requirement, Staff discussed the item at their March 20, 2025 work session. At this meeting, commissioners expressed reservations at fully repealing the minimum lot coverage requirement and asked staff to consider alternatives. Commission Member Michler specifically requested staff to look at any alternatives that might relate the amount of building on a lot to the amount of vehicular use area (VUA) as a way to measure the intensity of the development.

After review of the Commission-initiated text, as well as considering the request from the commission from the work session, Staff has proposed several modifications which are outlined within the proposed staff alternative language. While the staff alternative does fully remove the minimum lot coverage, as initiated by the Planning Commission, it replaces the requirement with a minimum Vehicular Use Area Ratio, which would be defined as the total building square footage divided by the vehicular use area on the lot which it is located. This requirement is contained within the existing Article 8-20(n) requirements for Off Street Parking and Vehicular Use Area. At this time, Staff recommends that a VUA Ratio of 0.30 be implemented within the Corridor Business (B-3) zone.

The intent behind proposing the implementation of a Vehicular Use Area Ratio was to create a more flexible method to encourage the densification of our corridors and more efficient utilization of the B-3 zoned land. The proposed change alleviates several issues that were present under the current lot coverage framework. Under the current minimum lot coverage requirement, land that was not buildable for buildings, such as setbacks, buffer areas, open space, and stormwater facilities were included within the calculation of the total lot area, and although unbuildable, that lot area contributes to the size of the required building. Under the new framework, compliance is solely based on the relationship between the proposed amount of vehicular use area and the size of the structure on-site. This incentivizes minimizing parking and impervious surface, and increasing total building area, regardless of the total lot size. Additionally, by shifting the requirement away from a strict lot coverage application and including all building square footage, a development is given full credit for a multi-story structure.

The proposed staff alternative language provides several pathways for uses, such as drive-through facilities, that typically provide larger amounts of VUA on-site than would be allowed under this change. First, the proposed text allows the VUA to be calculated across a development plan, where lots with greater vehicular use area can be balanced out by lots that feature less vehicular use area. In instances where this is not possible, Under the new provisions approved by the Planning Commission under the HB 443 ZOTA (ZOTA-25-00001), this ratio would be eligible for consideration of a waiver. Consistent with the pending waiver process outlined in Article 21-9(a)(1), applicants would have ample opportunity to seek relief from this ratio while still providing a 'net beneficial effect' by modifying their vehicular use area to include permeable pavement, canopies or other elements to mitigate the environmental impact of paved surfaces. Likewise, an applicant has similar options in the design and construction of their proposed buildings utilizing LEED construction element or additional green infrastructure.

During the review of the current regulations regarding lot coverage, there was significant concern from the development community regarding how stand-alone parking lots would meet the



requirements. This concern was understandable as there is no associated lot coverage for surface parking lots. This concern was further complicated because a stand alone parking lots do not meet the intent of the B-3, which is to provide for retail and commercial uses, which are necessary to the economic vitality of the community but may be inappropriate in the more neighborhood oriented zones. Staff recommends removing surface parking lots as a principal use in Article 8-20(b)(16), leaving the use as an accessory use within the zone.

The proposed staff alternative text is attached for further review and consideration.

The Staff Recommends: **Approval of the Staff Alternative Text**, for the following reasons:

1. The proposed text amendment allows for greater flexibility in meeting the requirements of the Corridor Business (B-3) zone, while remaining consistent with the intent of the zone.
2. The proposed text amendment provides for a minimum threshold of utilization that is in agreement with the following adopted goals, objectives, policies contained within *Imagine Lexington 2045* for the following reasons:
 - a. Theme E, Goal#1, Objective d: Emphasize redevelopment of underutilized corridors
 - b. Theme E, Goal#1, Objective e: Maximize development on vacant land within the Urban Service Area and promote redevelopment of underutilized land in a manner that enhances existing urban form and/or historic features.

CAT/DAC/TLW

5/1/2025

Planning Services/Staff Reports/ZOTA/2025/PLN-ZOTA-25-00002: Lot Coverage in the B-3 Zone

