

**STAFF REPORT ON PETITION FOR ZONING ORDINANCE TEXT AMENDMENT****PLN-ZOTA-25-00016: AMENDMENT TO THE INDUSTRIAL REDEVELOPMENT PLANNED UNIT DEVELOPMENT (PUD-3) ZONE TO ADD SHORT-TERM RENTALS**

INITIATED BY: Turner Property 4, LLC

PROPOSED TEXT: SEE ATTACHED (Note: **Red** text indicates the original initiation language; **Blue** text represents subsequent edits, and text ~~stricken through~~ indicates a deletion.)

STAFF REVIEW:

Within this Zoning Ordinance Text Amendment request, the applicant is seeking to expand short term rental uses to the Planned Unit Development (PUD) zones. The PUD zones are unique zoning districts that encourage innovative design which may not be accomplished using traditional zoning practices. These zones are often designed to be site-specific, and feature differing uses and development standards than their standard zoning counterparts. Currently, a total of three PUD zones exist within the Zoning Ordinance. The Residential Planned Unit Development (PUD-1) zone dates to before the 1983 Zoning Ordinance and was designed to accommodate future residential growth. The PUD-2 zone, the Luigart Planned Unit Development, was established in 2014, and was centered around implementing recommendations of the 2009 Central Sector Small Area Plan and the 2011 North Limestone Sustainability Plan. This development emphasized live-work, mixed-use development, and adaptive reuse within an existing neighborhood context.

In 2022, the Industrial Redevelopment Planned Unit Development (PUD-3) zone was created at the request of the applicant. This zone was intended to create mixed-use developments that are centered around repurposing industrial areas into entertainment, commercial, and residential uses. The allowable uses within the zone were proposed by the applicant at the time of the initial ZOTA, which include uses such as restaurants, retail sales establishments, distilleries, hotels, and residential uses. At the time that the PUD-3 zone was created, Lexington had not yet created any defined standards within the Zoning Ordinance explicitly governing short term rentals. Lexington eventually codified standards for STR in the urban zones, and later updated those efforts with a subsequent ZOTA in the following year (ZOTA-23-00001; ZOTA-24-00007). That same year, another effort was made to create a specialized framework for STR in the rural zones (ZOTA-24-00009). These text amendments did not address the PUD zones; as a result, the PUD zones currently are one of the few zones that do not feature any allowances for short term rentals.

APPLICANT'S TEXT AMENDMENT PROPOSAL

The applicant's intent is to update the zoning regulations to allow for short term rental uses to operate in the PUD-3 zone in the same manner as short term rentals are allowed to operate within the other more intense commercial zones. Below are summaries of the proposed changes to the Zoning Ordinance, organized by section.



Article 3 – GENERAL PROVISIONS AND DEFINITIONS

The applicant's proposal modifies the table in Section 3-13(b) to add the PUD-3 zone to the same use allowance categories as the downtown, commercial center, and industrial zones. Under this framework, short term rentals within the PUD-3 zone would be principal uses, with no limits on the maximum number of dwellings within a particular property that could be utilized for short term rental.

Article 22– PLANNED UNIT DEVELOPMENT (PUD) ZONES

The applicant's proposal alters Appendix 22C-4 to add *"Hosted or Un-Hosted Short Term Rentals, as regulated in Section 3-13 of the Zoning Ordinance"* as a principally permitted use within the PUD-3 Zone.

EVALUATION

The intent behind the PUD-3 Zone is to encourage the redevelopment of areas that were used for traditional industrial purposes but over time have become less suited to traditional industrial uses due to their proximity to non-industrial uses. The zone allows dwelling units of all kinds, as well as short term accommodations such as hotels, as principal uses. Due to the current allowance for substantially similar uses, Staff agrees with the applicant that short term rental of dwelling units would be appropriate within the zone.

STAFF ALTERNATIVE TEXT AMENDMENT PROPOSAL

While Staff agrees with the applicant's proposed text, Staff also recommends that the other two Planned Unit Development zones, the PUD-1 and the PUD-2 zones, also be updated to allow for short term rental use at this time. Unlike the PUD-3, the PUD-1 and PUD-2 zones are primarily oriented towards residential uses. Staff recommends that these two zones be incorporated into the STR use table in Article 3-13 along with the other residential uses.

The Staff Alternative text amends the applicant's proposed text in the following ways:

Article 3 – GENERAL PROVISIONS AND DEFINITIONS

The Staff alternative text further modifies the table in Article 3-13(b) to add the PUD-1 and PUD-2 zones to the same categories as the residential zones.

Article 22– PLANNED UNIT DEVELOPMENT (PUD) ZONES

The Staff alternative proposal alters the to add *"Hosted Short Term Rentals for 10 or fewer occupants, as regulated in Article 3-13 of the Zoning Ordinance"* as accessory uses, and *"Un-Hosted Short Term Rentals, and Hosted Short Term Rentals for more than 10 occupants, as regulated by Article 3-13 of the Zoning Ordinance"* as conditional uses use within the PUD-1 and PUD-2 zones.

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 results in consistency in how short term rental(STR) uses are regulated across our urban zones.
2. The proposed text amendment provides enforceable limitations on hosted and un-hosted short term rentals in order to prevent adverse impacts on the health, safety, and welfare of the local community and visitors to the Urban County.

DAC/TLW

9/3/2025

Planning Services/Staff Reports/ZOTA/2025/PLN-ZOTA-25-00016: AMENDMENT TO THE INDUSTRIAL REDEVELOPMENT PLANNED UNIT DEVELOPMENT (PUD-3) ZONE TO ADD SHORT-TERM RENTALS

