



INFORMATION MEMORANDUM

TO: Mayor and City Council

FROM: Charles S. Cox
City Manager

DATE: September 21, 2021

SUBJECT: Conduct a public hearing and consider adopting Ordinance No. 3701 to amend the Comprehensive Zoning Ordinance including but not limited to amending: Article 5.5 Beer and Wine Sales Overlay District and Article 5.6 Alcoholic Beverage (On-Premise) Overlay District to include into both overlay districts approximately 67.6 acres generally bounded by IH-635/LBJ Freeway on the north, Luna Road on the east, the Elm Fork of Trinity River on the west, and Farmers Branch Creek on the south and southeast; and take appropriate action.

Background:

This is a city-initiated zoning amendment. At their joint meeting with the Planning and Zoning Commission on July 12, 2021, City Council directed staff to initiate a zoning amendment to expand the Beer and Wine Sales Overlay and Alcoholic Beverage (On-Premise) Overlay zoning districts to be applied to approximately 67.6 acres bounded by IH-635/LBJ Freeway on the north, Luna Road on the east, the Elm Fork of Trinity River on the west, and Farmers Branch Creek on the south and southeast. The subject property is primarily zoned Planned Development No. 81 (PD-81) except for the full-service hotel at the southwest corner of IH-635/LBJ Freeway and Luna Road which is zoned Planned Development No. 60 (PD-60); the subject property is also commonly referred to as the “peninsula tract.”

This zoning amendment is a response to a request received by City Council to allow for alcoholic beverage sales to hotel guests for on-premise consumption at the recently developed Hampton Inn, located at the southwest corner of Mira Lago Boulevard and Lago Vista East. PD-81 allows for qualifying restaurants or facilities to sell alcoholic beverages, subject to approval of a specific use permit (SUP). However, due to the hotel not having a restaurant, the property would likely not qualify with state law and city requirements related to minimum food sales and maximum alcoholic beverage sales requirements associated with the mixed beverage permit and food and beverage certificate required from the Texas Alcoholic Beverage Commission (TABC).

The city currently has two alcohol sales related zoning overlay districts, the Beer and Wine Sales Overlay District and Alcoholic Beverage (On-Premise) Overlay District, which allow for alcohol sales for off-premise and on-premise consumption, respectively. Staff believes it is appropriate to review the overlay districts, as provided for in the Comprehensive Zoning Ordinance (CZO), to determine if the districts should be expanded to include properties and/or businesses that may benefit from provisions within the districts.

Existing Zoning/Zoning History:

The subject property is primarily zoned PD-81, except for the full-service hotel located at the southwest corner of IH-635/LBJ Freeway which is zoned PD-60. The PD-81 zoning district was originally adopted in 2001 and envisioned a dense mixed-use development comprised primarily of office and residential uses with supportive retail/commercial uses. Therefore, PD-81 allows for multi-family, office, hotel, and retail service uses either by right or subject to approval of an SUP. The PD-81 zoning district has been amended multiple times since its establishment, including removing certain minimum non-residential square footage development requirements tied to residential uses, modifying access requirements, expanding the Mixed Residential Area sub-district, and establishing an SUP requirement for hotels. Lastly, PD-81 also allows for “qualifying restaurants or facilities” to sell alcoholic beverages subject to approval of an SUP.

Today, the subject property is developed with: one full-service hotel; three limited service hotels; several multi-family developments; an independent living facility; and limited retail uses. Additionally, an SUP has been granted for a limited service hotel which has yet to be developed (west of the existing Hampton Inn), as well as additional undeveloped land remains on the peninsula tract.

Adjacent Zoning Districts and Land Uses:

Direction	Zoning District	Land Use
North	Planned Development No. 78 (PD-78)	Office (across IH-635/LBJ Freeway)
South	Planned Development No. 96 (PD-96)	Multi-family residential (across Farmers Branch Creek)
East	Planned Development No. 60 (PD-60); and Planned Development No. 88 (PD-88)	Office and hotel (across Farmers Branch Creek); and Gasoline service station and convenience store
West	N/A	Residential and open space (within City of Irving, across Elm Fork of Trinity River)

Proposed Zoning Amendment:

As stated previously, the reason for this zoning amendment is due to a request received by City Council to allow for alcoholic beverage sales for on-premise consumption to occur at the recently developed Hampton Inn, located at the southwest corner of Mira Lago Boulevard and Lago Vista East. The property owner desires to sell alcoholic beverages to hotel guests for on-premise consumption. The property is currently zoned PD-81 which allows for qualifying restaurants or facilities to sell alcoholic beverages, subject to approval of an SUP. However, due to the hotel not having a restaurant, the property would likely not qualify with TABC and city requirements related to minimum food sales and maximum alcohol sales requirements associated with the mixed beverage permit and food and beverage certificate required from TABC.

The city currently has two alcoholic beverage sales related zoning overlay districts, the Beer and Wine Sales Overlay District and Alcoholic Beverage (On-Premise) Overlay District, which allow for alcohol sales for both off-premise and on-premise consumption, respectively. Below is a summary of each overlay district.

Beer and Wine Sales Overlay District (adopted 2014; included in the CZO)

The Beer and Wine Sales Overlay District applies to various properties located throughout the city, the closest location to the Hampton Inn being the QuikTrip store located at the southeast corner of IH-635/LBJ Freeway at Luna Road. Properties located within this overlay district may have alcohol sales so that patrons can purchase beer and/or wine and take the product with them to another location for consumption (for example, to their residence). The Beer and Wine Sales Overlay District does not allow for package sales (i.e. liquor sales).

Alcoholic Beverage (On-Premise) Overlay District (adopted 2017; included in the CZO)

The Alcoholic Beverage (On-Premise) Overlay District is located in two areas within the city, the closest to the Hampton Inn being the western portion of the property owned by Centurion American located on the south side of IH-635/LBJ Freeway, east of Luna Road and the QuikTrip store (also known as the “boardwalk tract”). This overlay district allows for businesses to sell alcoholic beverages to patrons for consumption at the location in which it is sold (e.g. restaurant, hotel or bar), and this overlay district also supersedes any underlying zoning districts that otherwise limit or prohibit alcohol sales. In other words, if the use and development regulations applicable to a property located within the overlay district prohibit or require the approval of an SUP for the development and use of the property for bars, saloons, or similar non-residential uses that involve the sale of beer, wine, and mixed beverages for on-premise consumption, then the provision relating to the permitting service and sale of beer, wine, and mixed beverages for on-premise consumption in the overlay district shall control.

Staff believes it is appropriate to consider expanding both of the alcohol sales related overlay districts to include the approximate 67.6 acres subject property on the peninsula tract. In addition to the Hampton Inn, several other hotels have developed on the peninsula tract, as well as some of

the existing multi-family properties have ground floor retail tenants. By expanding both overlay districts, this would allow for all of the hotels and retail stores to be able to accommodate alcohol sales thereby benefitting the businesses, but also allowing hotel patrons and residents within the area to purchase alcoholic beverages. It additionally gives the hotels and retail stores, as well as future businesses such as restaurants, bars, and retail establishments multiple options for licensing from TABC that most appropriately suit their business model.

Issues for Consideration:

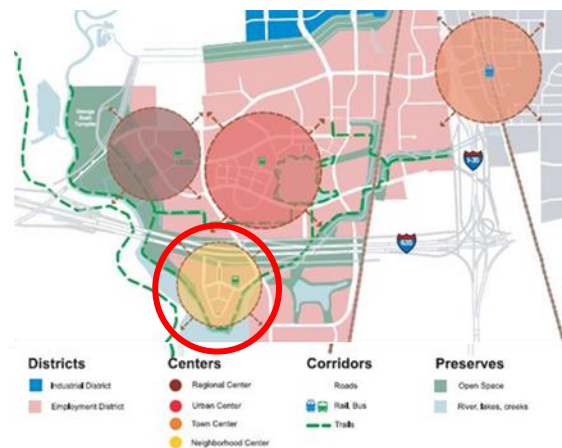
Due to the city's alcoholic beverage regulations existing prior to June 11, 1987, the city is allowed to continue enforcing more restrictive alcoholic beverage regulations than the regulations provided for by state law, specifically the Texas Alcoholic Beverage Code. As a result, when the city relaxes its' alcoholic beverage regulations including those which apply to a specific area, the city cannot return to the prior more restrictive regulations. Therefore, the alcoholic beverage sales allowances granted within the overlay districts cannot be rescinded as it relates to the subject property once approved.

The Doubletree Hotel located on the west side of Luna Road is located within Planned Development No. 60 (PD-60) and currently operates with a mixed beverage permit from TABC, hence why it is not recommended to be included within the two overlay districts. Additionally, it has an approved SUP (adopted in 1997 by Ordinance 2402) which allows for the sale of alcoholic beverages with a mixed beverage permit thus being associated with their restaurant.

Comprehensive Plan Recommendation:

The West Side Plan (adopted 2003) designates the subject property as Employment District and Neighborhood Center. The Employment District recommends allowing employment related land uses such as high-quality office, and research and development uses; the Neighborhood Center designation supports allowing residential uses.

The proposed zoning amendment is supportive of the Plan's recommendation because it would allow for all of the hotels and retail stores to be able to accommodate alcoholic beverage sales thereby benefitting the businesses longer term. Additionally, the city is interested in having successful businesses which can also support neighborhoods, such as the neighborhood evolving on the peninsula tract. Lastly, the zoning amendment provides hotels and retail stores, as well as future businesses such as restaurants, bars, and retail establishments multiple options for licensing from TABC that most appropriately suit their business model.



Public Response:

On August 11, 2021, 20 zoning notification letters were mailed to the surrounding property owners, in addition to the Carrollton-Farmers Branch and Dallas independent school districts. Zoning notification signs were also placed on the site on the same day. Additionally, the required public hearing notice was published in the Dallas Morning News on August 29, 2021. As of the writing of this report, no written correspondence has been received by the city.

Recommendation:

On August 23, 2021, the Planning & Zoning Commission considered this request and recommended approval (4-3) of the Zoning amendment, as presented in Ordinance No. 3701.

Possible Council Action:

1. Motion to adopt Ordinance No. 3701.
2. Motion to adopt Ordinance No. 3701 with the following modifications...
3. Motion to deny Ordinance No. 3701.
4. Motion to continue discussion at the next meeting.

Applicable Zoning and Development Case History: (most recent to oldest)

Date Approved	Case Number	Description
10/22/2019 Denied by City Council	18-SU-16	SUP request for a hotel at northeast corner of Mira Lago Boulevard and Mira Lago Boulevard (Home2Suites) <i>Considered by Planning and Zoning Commission on 09/09/2019</i>
03/20/2018 Ordinance No. 3493	18-SU-01	SUP amendment for a hotel at the southwest corner of Mira Lago Boulevard and Lago Vista East (Hampton Inn) <i>Considered by Planning and Zoning Commission on 02/28/2018</i>
07/11/2017 Ordinance No. 3447	17-SU-07	SUP request for a hotel on the south side of Mira Lago Boulevard and east of Lago Vista West (LaQuinta) <i>Considered by Planning and Zoning Commission on 05/22/2017</i>
08/04/2015 Ordinance No. 3330	15-ZA-02	Amended PD-81 including allowing hotels (including residence hotels) subject to approval of an SUP, and simultaneously granting approval of an SUP for two hotels (Holiday Inn Express and Candlewood Suites).
08/05/2014 Ordinance No. 3290	14-ZA-02	Amended PD-81 by adding property to the "Mixed Residential Area," establishing certain development

		performance obligations, and removing minimum non-residential development performance requirements.
02/05/2008 Ordinance No. 2950	07-ZA-10	Amended PD-81 including removing certain minimum non-residential development performance requirements associated with certain properties, and modifying access requirements.
11/20/2007 Ordinance No. 2944	07-ZA-08	Amended PD-81 including removing certain minimum non-residential development performance requirements associated with residential development, and modifying access requirements.
01/08/2001 Ordinance No. 2578	99-36(Z)	Established PD-81 including providing for land uses and development regulations supportive of creating a dense mixed-use development comprised primarily of office and residential uses with supportive retail/commercial uses.