Residential Uses in Commercial Zoning Districts

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McKINNEY TEXAS
Unique by nature.

Background

In August of 2018, the City Council adopted amendments to the zoning ordinance prohibiting the construction of residential uses in commercial zoning districts. This amendment only affected the City's "legacy" zoning districts.

These amendments were meant to address issues arising from the unpredictability of land uses being developed in commercial zoning districts, the possible erosion of the commercial tax base, and the potential incompatibility caused by allowing some uses next to one another without some additional approvals being required (ex: specific use permits).

It was recently brought to our attention that some existing homes (now legal nonconforming) in existing commercial zoning districts have run in to issues closing home sales due to mortgage companies unwillingness to issue loans. Because the homes are legal nonconforming, if damaged, they could not be rebuilt as a home again so the mortgage companies are refusing to issue loans in cases like this.

This is an unforeseen negative impact to existing residential homeowners in commercial districts that arose from the ordinance modifications approved in 2018.

Example of the Issue
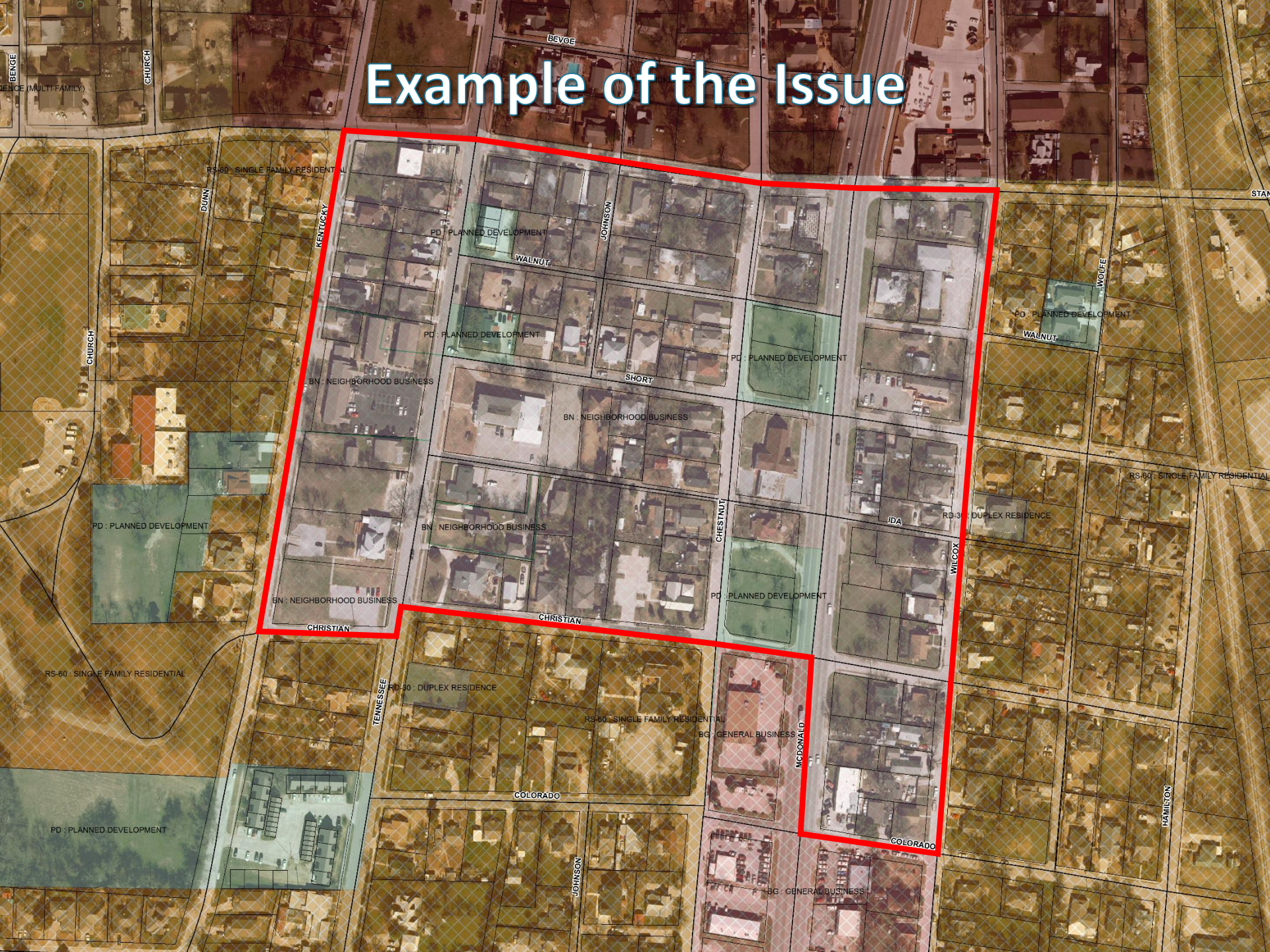
Another Example of the Issue

Potential Solutions

1. **Any affected property owner could seek to rezone their property to a suitable residential zoning district.**
   - Pros: The issue would be resolved.
   - Cons:
     - There would be some time delay to resolution;
     - The property owner would need to work through the rezoning process;
     - There would be some cost to the owner (could be waived);
     - Could result in areas of "spotty" zoning.

2. **Staff could initiate a rezoning of affected properties which could be quickly identified to an appropriate residential zoning district.**
   - Pros: The issue would be resolved.
   - Cons: There would be some sizeable time delay to resolution due to the need to meet with and educate uninformed property owners.

Potential Solutions, cont.

3. **Staff could draft amendments to the nonconforming uses section of the Zoning Ordinance (Sec. 146-40) allowing the reconstruction of some residential structures in non-residential zoning districts.**
   - Pros: The issue would be resolved.
   - Cons:
     - Mortgage companies could still refuse to issue mortgages because of apparent conflicts with applicable zoning even though the issue would be resolved from a City perspective;
     - There would be some limited time delay to resolution.

4. **The City Council could repeal the amendments adopted in August of 2018.**
   - Pros: The issue would be resolved.
   - Cons:
     - The City would reintroduce the ability to build residential land uses in commercial zoning districts thereby reinstating the previous issues with the zoning ordinance;
     - There would be some extremely limited time delay to resolution.

Challenges to Quick Resolutions

1. In areas like the first example, there is a mixture of detached single family residential, multi-family residential, and non-residential land uses which makes a "one-size-fits-all" rezoning event near impossible. Each property would need to be evaluated based on its current use and an appropriate zoning designation could be applied. This could delay the resolution.

2. There may be a number of areas throughout the City which suffer from this issue that need to be addressed as well. Increases in costs (ex: zoning change notification signs) could add up quickly if rezoning is preferred.

3. There may be a number of areas throughout the City which do not have "straight" zoning which may not be immediately identified through any near-term actions. Due to the sheer number of Planned Development Districts throughout the City, it could take staff several months to research every property which might be impacted. Once identified, increases in costs (ex: zoning change notification signs) could add up quickly if rezoning is preferred.

City Council Input Needed

Which potential solution would the City Council like for City Staff to explore?

Discussion/Questions?