



# PLANNING AND ECONOMIC DEVELOPMENT

200 NE Moe Street | Poulsbo, Washington 98370  
(360) 394-9748 | fax (360) 697-8269  
www.cityofpoulsbo.com | plan&econ@cityofpoulsbo.com

## MEMO

**To:** Poulsbo Planning Commission  
**From:** Karla Boughton, Director and Nikole Coleman, Associate Planner  
**Subject:** 2018 Commercial Code Update – Remaining Issues (Building Height and Mixed-Use)  
**Date:** April 20, 2018

On March 2, 2018, the Planning and Economic Development (PED) Department released a set of proposed amendments to Chapter 18.80 of the Poulsbo Municipal Code Title 18 – Zoning. The proposed amendments were to the Commercial Code – the section of the code that regulates commercial development in the city.

The Planning Commission commenced its review of the draft amendments through a series of workshops held on March 13, 20, 27, and April 10, 2018. During these workshops, the Planning Commission methodically reviewed each page of the commercial code. If, during these workshops, there were items that the Commission wished to have further research and discussion on, these items were ‘parked’ for a later meeting. Two items were identified during the workshops for additional discussion: *building height and mixed use*.

At its April 24, 2018 meeting, the Planning Commission will discuss these two items. This memo was prepared to assist the Planning Commission.

### A. BUILDING HEIGHT IN C ZONES:

The current height limit for all zoning districts (all commercial and residential, including single family residences) is an average of 35 feet. This height is measured from finished grade to the peak or highest point of the structure and is the average of all four sides (see measuring height memo here <https://cityofpoulsbo.com/wp-content/uploads/2017/02/HeightMeasurement.pdf>). The 35 feet height has been the City’s standard since 2000, and prior to that it was 30 feet.

An update to the City’s zoning ordinance in 2000 provided for an additional 10 feet of height bonus when underbuilding or underground parking is provided. This was to promote efficient use of land, acknowledgment of increasing difficult sites (i.e. critical areas, slopes), and to decrease full reliance on surface parking. While this standard has been available for many years, very few projects have utilized it. The current city hall building is the only commercial structure to date, that has utilized the additional feet, and even then, it resulted in an overall 35.5 feet weighted average height. Because of the sloped property, the west side (Bjermeland) of the building is taller than the east side (3<sup>rd</sup> Avenue). The highest point of city hall is its atrium, which is 50’ from the plaza/entry level. From street level (Bjemeland) and then downslope to Jensen and Front, the atrium has a significant presence.

One part of the commercial code update being recommended by PED staff, is the removal of the 10 foot height bonus for underbuilding/underground parking for the C-1 zoning district – which is downtown. Staff is recommending retaining the 10 foot height bonus for the other C zones.

At the March 20, 2018 workshop, the proposed change to the building height bonus for the C-1 zoning district was presented to the Planning Commission, as well as examples of proposed buildings and comparisons of other communities’ downtown heights. The Planning Commission at the workshop concurred with the staff recommendation, but also asked for additional information and wished to bring the issue back for final discussion.

#### Existing Buildings’ Heights along Front Street:

Members of the Planning Commission thought it would be helpful during their discussions of height, especially in the downtown, to know the height of existing buildings. With assistance from Gary Lindsey, a Poulsbo



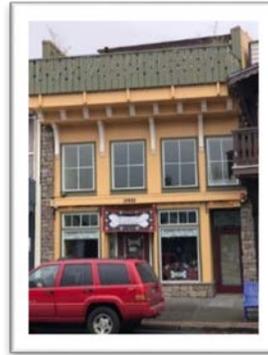
resident and local real estate developer, we measured heights on select buildings utilizing a surveyor's telescoping leveling rod, which is an extension tool that can be used to make quick height measurements.



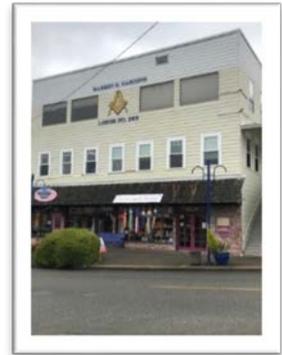
Peak at Tickled Pink storefront is 18'



The building that houses Crimson Cove and Tizley's restaurant is 27' to the top point in the peak.



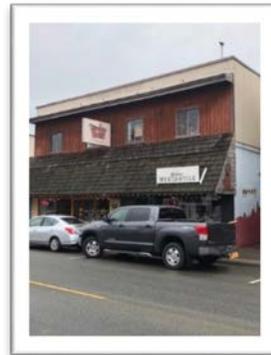
The Boomer's Pet Boutique building is 25' to the top of its decorative rail.



The tallest building facing Front Street is the Eliason Building (also referred to as the "Masonic Lodge"). The building façade facing Front Street is 38'. To the 'color band' at the top of the uppermost windows, the height is 32'.



The "red" building along Front Street, across from Burrata Bistro and Paella Bar, is 34' to the top of the peak.



The building (Myreboe Block) where Dancing Brush and Modern Mercantile are located is 27'.



Sluys Bakery is 20' to its front peak.

**Comparisons of Other Jurisdiction's Downtown Height Limits:**

Another helpful tool is to review how other similar communities are restricting height in its downtown areas –

Bainbridge Island	
Central Core	35' (45' if parking underbuilding)
Madison Ave	25' (35' if parking underbuilding)
Erickson Ave	25' (35' if parking underbuilding)
Gateway	35' (45' if parking underbuilding)
Gig Harbor	27'
Edmonds	25'-30'
Langley	30' (35' feet with a pitched roof)
Coupeville	28'
La Conner	30'
Port Orchard	27'- 39'
Steilacoom	26'
Sequim	25'-45'
Anacortes	25'-35'

### **Comprehensive Plan policies supporting 35' height limit in C-1 Downtown:**

There are several policies in the 2016 Poulsbo Comprehensive Plan that support limiting the height to an average of 35 feet in the C-1 Downtown Commercial Zoning District. See Land Use Policy LU-3.5, and Community Character Policies CC-5.2 and CC-5.7. Find the Poulsbo Comprehensive Plan here: <https://cityofpoulsbo.com/comprehensive-plan-2/>.

### **2018 Draft Commercial Code proposed standards regarding height:**

- Retain 35 feet as base height for all C zoning districts; no increase in building height is proposed.
- Remove additional 10-foot height bonus in C-1 (downtown) zoning district for structures utilizing underbuilding or underground parking. 35 feet remains the base height - underbuilding or underground parking may be proposed, but no height increase bonus will be granted.
- In the Shopfront Overlay, the setback requirement for floors above 30 feet remains - but is proposed to be required to be stepped back 10 feet from the first-floor façade, an increase from the 8-foot setback required currently.

## **B. MIXED-USE**

Mixed use – locating residential units within commercial zoning districts either within a commercial structure or on a commercially zoned site – is a planning concept that was first introduced in Poulsbo in the 2009 Comprehensive Plan Update, where several policies supporting mixed use for the commercial zones were included. (See Land Use Policies LU-3.9, LU-3.10, LU-4.4, and LU-4.6).

### **Mixed Use Structure – Proposed Revisions:**

The provisions of the Mixed-Use Structure have been brought forward to the Planning Commission for its review, to ensure the current standards will translate into developments that are appropriate for Poulsbo. Within the past months, the PED Department has received several mixed-use structure applications, where the distribution of uses caused some concern of whether the mixed-use structure standards remain relevant.

At the April 10, 2018 Planning Commission workshop, the issues of 1) what uses should be allowed on the first floor and 2) how density of residential units is appropriate, were both discussed. Both topics are difficult for smaller cities and finding the right balance is not unique to Poulsbo; many jurisdictions struggle with balancing standards for mixed use structures with market trends and demands. We also heard from designers and developers of mixed use projects, that they can be difficult to build and finance, but these types of buildings can be an important part of a community's-built environment.

#### **1) What uses should be allowed on the first floor, and how (or if) should density be regulated?**

##### **Uses on first floor of a Mixed-Use Structure:**

There are several elements that enter into consideration when addressing what uses should be allowed on the first floor of a mixed-use structure: purpose of mixed use, provision of space for commercial uses, and market trends and demands.

- a. Purpose of mixed use – The purpose of mixed use as a planning concept, is providing a use dynamic that is not achieved with typical single use zones. Mixed use is typically understood to accommodate and foster pedestrian movement by combining commercial uses with residential uses within the same building, encouraging human interaction, supporting activity in and around the building throughout the day, creating a place where people can live, work and play, and loftier goals of reducing dependency on automobiles.
- b. Provision of space for commercial uses – The inherent premise of mixed use is that there would be an integration of variety of uses – commercial retail, commercial service, entertainment, public spaces, institutional, residential, and amenities – all within one building or site. The reality of recent mixed-use applications is that they are primarily a residential structure, with minimal commercial space provided. This can have the effect of commercially zoned property not being fully utilized or maximized for its zoned uses, and may result in erosion of our commercial zones, limited acreage for employment opportunities, or the need in the future for new commercially zoned areas.

- c. Market trends and demands - Mixed use projects are often more difficult and costly to develop, and we've heard from local developers, challenging to finance. Because of these factors, the market desires flexibility to allow for residential uses – which provide more certainty to lenders – be located on the first floor of a mixed-use building.

The City of Issaquah commissioned an economic analysis to understand real estate dynamics and why mixed-use development was not locating within Central Issaquah - where it was desired (see City of Issaquah mixed use information here: <http://www.ci.issaquah.wa.us/mixeduse>). Initial findings from the economic consultant made findings for Issaquah, some of which include:

- o Mixed use feasibility is more challenging based on development uncertainties and retail requirements.
- o Current retail and residential rents do not support mixed use products.
  - High density, single use residential are highest and best use.
- o Development incentives and flexibility can influence feasibility and accelerate viability.
- o Acknowledgment that mixed use is primarily a housing product.

### **How should density in mixed use structures be addressed?**

Mixed Use structures function primarily as a vertical housing product. It is not surprising then, that maximization of the site through generous lot coverage and height, will result in a high density of residential units - especially where smaller, more utility-sized residential units are accepted in today's urban residential markets. This is evident in larger cities, where mixed use buildings are transforming many city-centers, such as Seattle, Bellevue, Tacoma and Portland.

Mixed use density can be more difficult in smaller cities, where residentially zoned areas are either adjacent or not far from commercial corridors. However, determining the 'right' density that makes mixed use projects viable, while limiting the density of dwelling units, is a difficult task. In a review of many Western Washington cities' mixed-use code provisions, density ranges are infrequently assigned – except perhaps in specifically mixed use zoned areas or upon larger mixed-use developments.

Currently in Poulsbo's commercial code, density for mixed use structures in all C zones is determined by setback, lot coverage, parking and height standards. As depicted during the Planning Commission workshops, this has resulted in some cases with large and dense buildings, when heights and lot coverage is maximized.

While staff believes density should continue to be regulated through setbacks, lot coverage, parking and height standards, it is important to acknowledge that even with those standards, that mixed use structures function as a residential high density vertical housing building.

- 2) **Planning Commission Options and Considerations for Mixed Use Structures:** The options presented for the Planning Commission consideration range from most restrictive to least restrictive (or most flexible).

a. Uses on the 1<sup>st</sup> Floor.

- o Require commercially permitted uses only on the first floor.
- o Require commercial uses on the first floor along street frontage, and other uses can be allowed behind. Other uses may include those that support the residential uses, such exercise rooms, lobbies, community rooms/meeting spaces, hospitality suites, and parking.
- o Require commercial uses on the first floor along street frontage and allow other uses (as defined above) and allow residential uses behind.
- o Allow conversion space option by requiring first floor to be constructed and parked to commercial standards but allow for residential use until market demand supports conversion to commercial use.
- o Make no requirement for any commercial space provision and allow full-residential structures in the C zones.

b. Density of Mixed Use Structures.

- o Establish proportionate standards for how much the building square footage can be utilized for commercial use and residential use.
- o Provide a maximum density in C-1 zoning district.
- o Provide a maximum density in C zoning districts for mixed use structures that utilize 45' height bonus.
- o Allow setbacks, parking, lot coverage and height of the zoning district to determine number of residential units allowed.

3) 2018 Draft Commercial Code Proposed Standards Regarding Mixed-Use Structures – Staff Recommendations:

- a. Staff recommends allowing parking and height to limit number of dwelling units. No change to proposed code necessary for this recommendation.
- b. Staff recommends the following new provisions to the Mixed-Use Structure standards:

18.80.080 J. Mixed-Use Structure.

1. Purpose. Mixed use structures allow for placement of a mix of commercial and residential uses in a single building. Mixed use structures are intended to allow for efficient use of land and public services in an urban setting; encourage convenient access between employment, services and residential opportunities; and increase development alternatives.
2. A mixed-use structure shall contain at least two complementary, integrated, or mutually supporting uses (such as offices, retail, professional services, food and beverage, entertainment, public service and residential).
3. New mixed-use structures shall have the following standards:
  - a. Residential units must be located above allowed commercial uses (residences may not be located at street/ground level or below). However, uses accessory to the residential, such as lobby, fitness center, storage, community room and other accepted uses, may be located on the first floor (street level), and shall generally be located behind the street level commercial uses. Number of residential units shall be limited by the mixed-use structure's required development standards (lot coverage, height, parking and setbacks) for the underlying zoning district.
  - b. The mixed-use building shall be designed to look and function as an integrated development and encourage pedestrian travel between uses and adjacent buildings.
  - c. Buildings should be located adjacent to the primary street or immediately behind a public or semi-public space, such as a forecourt, plaza, or an outdoor seating area.
  - d. Commercial uses located on the ground floor shall have a prominent entrance facing the primary street, provide use and activity presence along the street frontage, and be designed to clearly define it as commercial space.
  - e. Compatible with the height, massing, setback and design character of surrounding uses shall be considered in mixed use structure design.
  - f. ~~e.~~ At least one outdoor activity feature shall be provided for the mixed-use building, including but not limited to courtyards, delineated gathering spaces, or seating areas. These areas must be paved and landscaped.
  - g. ~~d.~~ Private or shared open space shall be provided for each of the residential units, such as a private outdoor balcony or rooftop deck, and shall be provided at a minimum of thirty-eight square feet per unit.
  - h. ~~e.~~ On-site pedestrian circulation that links the public street and the primary entrance to the structure or residential units shall be provided. When the pedestrian circulation crosses driveways, parking areas and loading areas, it must be clearly identifiable through use of different paving materials.
  - i. ~~f.~~ Existing residential units in a mixed-use structure in the C zones may continue without meeting the standards above.

To eliminate confusion between the C-1 and Shopfront overlay, and which standards apply to mixed use structures, we recommend deleting the following standard from Section 18.80.050.D.13:

13. Primary uses on the street-facing ground-floor shall extend for at least 80% of the street frontage. The remaining 20% may be used for upper floor access, access to rear or undergrade parking, or as a pedestrian plaza. Driveway and access to undergrade parking is limited to the minimum required driveway width.