



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: Mayor Erickson and Poulsbo City Council
From: Karla Boughton, Director and Nikole Coleman, Associate Planner
Subject: **COMMERCIAL CODE UPDATE – ADOPTION DOCUMENT**
Date: June 12, 2018

1. **Purpose of Adoption Document:** This adoption document has been prepared by the City of Poulsbo Planning and Economic Development Department to assist the City Council in reviewing the Spring 2018 Commercial Districts Code Update and determine final revisions prior to adoption. This document will address many of the comments presented during the workshop process, although it is not intended as a full response to all comments provided.
2. **Organization of Adoption Document:** This adoption document is organized to address each section of the Spring 2018 Planning Commission Amended Draft PMC Chapter 18.80, including any discussion on any major issues identified through public comment or input by City Council, and any recommendation by Staff.
3. **GMA Requirements for Development Regulations:** RCW 36.70A.030(7) and 36.70A.040(d) require that development regulations be consistent with and implement the comprehensive plan. The update to the Poulsbo Commercial Code embodies updates to the City's development standards to implement the comprehensive plan. Specifically, the following policies are being implemented through the Commercial Code Update:
 - **Policy LU-3.3**
Provide for a mix of activities including retail, office, social, recreation, local services and as appropriate residential, within the commercial designations.
Commercial Code Sections that implement policy: Table 18.80.030 Commercial Zoning Districts Use Table and the proposed amendments to it, implement this policy.
 - **Policy LU-3.5**
In order to retain the pedestrian-friendly scale in the C-1 (Downtown/Front St) zoning district, the City's zoning ordinance shall identify appropriate development standards for height and scale of new development and redevelopment in this district.
Commercial Code Sections that implement policy: Revisions proposed to Table 18.80.040 (height and lot coverage) and 18.310.010 (delete height bonus), implement this policy.
 - **Policy LU-3.6**
Provide development standards that identify appropriate uses, building heights, setbacks, access, landscaping, signage, parking and other appropriate standards, for commercial development.
Commercial Code Sections that implement policy: The Commercial Chapter 18.80, include **provisions** for these identified standards – uses allowed (Table 18.80.030), height and setbacks (Table 18.80.040), landscaping (18.80.050.A and C; 18.80.060.B), signage (18.80.120 and 130) and parking (18.80.100 and 110). The proposed enhanced and new standards, especially for the C-1 zoning district and the inclusion of a new shopfront overlay, also implement this policy.

- **Policy LU-3.7**
Design standards for the commercial land use designation shall be used to continue the northwestern architectural style of the existing commercial areas, and the Scandinavian small fishing village scale architectural style of the C-1 Zoning District.
Commercial Code Sections that implement policy: For C-1 zoning district, see Section 18.80.050 purpose statement, and 18.80.050.A, B, C, D. For C-2, C-3 and C-4 zoning districts, see Section 18.80.060 purpose statement, 18.80.060.A, B, C and D.
- **Policy LU-3.9**
Encourage mixed use by allowing residential units to be located in combination with existing and new street frontage commercial in all commercial zoning districts.
Commercial Code Sections that implement policy: Sections 18.80.080.J and K implement this policy.
- **Policy CC-5.2**
Maintain the Downtown as a primary identifying feature of Poulsville, setting it apart from the rest of the City through control of such characteristics as height, scale, and intensity. The existing character of Front Street, with its two-story buildings, awnings, and store fronts located at the sidewalk, provide an appealing pedestrian scale that should be preserved.
Commercial Code Sections that implement policy: Table 18.80.040 and 18.310.010 address height. Section 18.80.050 includes standards for site design, building placement, building design, awnings, roofline treatment, and shopfront overlay standards, all which implement this policy.
- **Policy CC-5.3**
Encourage interspersed landscaping, public plazas with seating and tables, pleasing street frontage design and colors, and inclusion of public art throughout Downtown Poulsville.
Commercial Code Sections that implement policy: Section 18.80.050 include standards for forecourts, landscaping/hardscape features, pedestrian connections, artwork, streetscape and courtyards.
- **Policy CC-5.7**
New development and redevelopment in Downtown Poulsville shall retain its pedestrian-friendly scale and be limited in height to an average of 35’.
Commercial Code Sections that implement policy: Revisions proposed to Table 18.80.040 (height and lot coverage) and 18.310.010 (delete height bonus), implement this policy.
- **Policy CC-5.8**
The City’s design standards for Downtown Poulsville should be evaluated to ensure that redevelopment in the Downtown will retain its intimate, pleasant and pedestrian-scale character. Height, street frontage design and colors, building design, placement of buildings, and view of rooflines (from below and above), at a minimum should be assessed.
Commercial Code Sections that implement policy: Table 18.80.040 and 18.310.010 address height. Section 18.80.050 includes design standards for street frontage design and colors, building design, site design, roofline treatment, and shopfront overlay standards, all which implement this policy.
- **Policy CC-5.9**
Encourage mixed use by allowing residential units to be located in association with commercial frontage in Downtown Poulsville. New mixed-use buildings shall be designed to complement the existing character and pedestrian-scale of Downtown Poulsville, shall be limited in height to an average of 35’, and have a mix of both commercial and residential uses incorporated within the building.
Commercial Code Sections that implement policy: Sections 18.80.080.J and K implement this policy. Section 18.310.010 ensures height remains at an average of 35’.

4. 2018 Planning Commission Recommended Chapter 18.80 Commercial Districts Update:

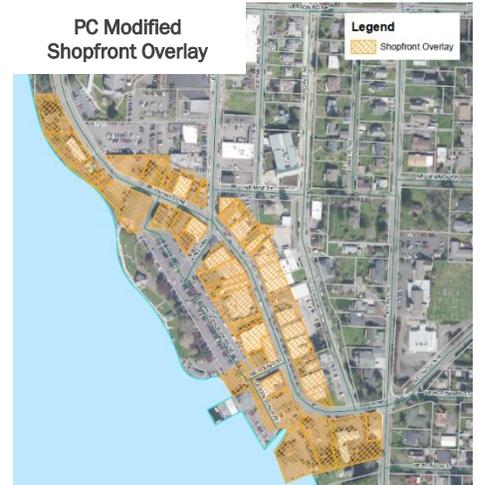
4.1 Section 18.80.010 Zoning Districts

The only new provision of this section is the proposed “Shopfront Overlay” within the C-1 district. The shopfront overlay is a new overlay intended to preserve the historical development pattern along Front Street defined by small parcels, pedestrian scale buildings, and retail, entertainment and service uses. The shopfront overlay has specialized design standards and requires the unique and individual existing ‘shopfront’ character be maintained.

Outstanding Issue: The overlay was intended to be placed on the existing development pattern of narrow lots with existing structures at or near 100% lot coverage. New or enhanced design standards – such as transparency (glass) requirements, shopfront assemblies (display windows, bulkheads, associated framing), recessed entries, and active use requirements are applied specifically to the shopfront overlay. The intention of the overlay is to preserve the existing shopfront character; larger lots that do not meet the existing development pattern were not included in the original shopfront overlay, but had other lot coverage and design standards, including landscaping, courts, plazas, etc. that are conducive for larger lots. The Planning Commission expanded the shopfront overlay to include parcels to the north ending at Gran Kirk, and parcels to the south, ending at the corner of Hostmark and Fjord. There has been discussion at the Planning and Economic Development Committee meetings on the ‘right’ configuration of the shopfront overlay.

DECISION POINT FOR SHOPFRONT OVERLAY: Should the City Council change the shopfront overlay configuration?

Staff Recommendation: Staff recommends changing the shopfront overlay boundary back to the initial release configuration, due to the specific design standards which were crafted for the historic, existing small/narrow lot development pattern of Front Street.



4.2 Section 18.80.020 Purpose.

This section proposes adding the description of “Shopfront Overlay.’ No revisions have been discussed or identified.

4.3 Section 18.80.030 Uses.

The Commercial Use table was comprehensively reviewed to evaluate and respond to the changing retail market through the growth of online sales, and to include new uses that may be appropriate in the commercial zoning districts. Additional uses are proposed in all C zones to allow for tech and IT, biotechnical, research and development, and electronics; light assembly and fabrication uses completely within enclosed buildings; and handcrafted artisan type products, crafts or food processing. The table has also included making the interim prohibition on self-serve mini storage facilities in the C-3 zoning district permanent.

One modification to the table was identified at the City Council 5/16/16 workshop to ensure bicycle rentals could occur in downtown. **See #7 on the City Council Modification Document (6/12/18 version).**

4.4 Section/Table 18.80.040 Development standards for commercial districts

This section is the table that identifies the development standards – setbacks, height, and lot coverage – for the commercial zoning districts.

Outstanding Issue: As discussed at the Planning and Economic Development Committee 5/30/18 meeting and City Council 6/6/18 workshop, density of residential units within a commercial mixed-use structure is recommended to be through development standards, specifically height, lot coverage and parking standards. Table 18.80.040 establishes these standards.

The height and lot coverage in the C-1 zoning district is proposed to be decreased: the 10' height bonus for underbuilding/undergrade parking is eliminated for the C-1 zone, establishing average 35' as the base height; and lot coverage is decreased from 100% to 85%. These two decreases, along with no relaxation of parking standards, will determine the number of units a mixed-use structure can carry, under the current draft.

The City has received public comment that density of mixed use developments should be re-evaluated, and other options should be considered. Options presented to the City Council include:

- Development standards (setbacks, parking, lot coverage and height) determine number of residential units allowed. – *Current zoning code and draft code update approach.*
- Establish proportionate standards for how much of the building square footage can be utilized for commercial use and residential use.
- Provide a maximum density, similar to the City's residential zones density ranges.
- Provide a maximum density in the C zoning districts for mixed use structures that utilize 45' height bonus.
- Identify a mixed-use overlay district.

The City Council could also consider adjusting the development standards to further restrict developability on C-1 parcels. For example, a smaller lot coverage will result in smaller building footprint and increased surface parking (rather than a typical urban core underbuilding/undergrade parking). The building lot coverage in the other C zones is 50%, which is the traditional commercial space breakdown of 30-50% building footprint, 15% landscaping/setbacks and remainder in parking spaces. If the Council wishes to decrease the lot coverage for the C-1 district, staff recommends it be reduced no more than 70% in the C-1 (still allow for 100% lot coverage in shopfront overlay), and to identify a minimum landscaping standard for the surface parking area and/or site.

DECISION POINT FOR C ZONE DEVELOPMENT STANDARDS: Does the City Council wish to adjust any of the development standards for the C-1 district? Lot coverage? Height?

4.5 Section 18.80.050 Site and building design standards in C-1 downtown/Front Street commercial zoning district.

Revised or new site, landscaping and building design standards for the C-1 district are proposed, including:

- Enhanced purpose statement to fully set forth the site and building design intention and expectation for the C-1 zoning district.
- New and enhanced site and building design standards, architectural features, roof forms, canopies, streetscape improvements.
- Inclusion of the new storefront overlay design standards, including standards for shopfront assemblies and organization, primary entrances, doors, color, materials signage, use location, stepback requirement, and rear facades.

There was discussion at the Planning and Economic Development Committee meetings, as well as at the 5/16/18 City Council workshop, that this section does not adequately address Poulsbo's identity as "Little Norway" and the distinction as a waterfront fishing village.

Modifications to this section are proposed to include "Little Norway," and "fishing village" in appropriate sections. **See #1, #3, #4 and #5 of the City Council Modification Document (6/12/18 version).**

Public comment was also presented at the Planning Commission workshops and at City Council 5/16/18 workshop, regarding the ‘community view’ from the western side of the City towards downtown, and the importance that 1st Lutheran Church remain the dominant building feature. A City Council member sought to include a provision addressing this concern. **See #2 of the City Council Modification Document (6/12/18 version).**

4.6 Section 18.80.060 Building design, landscaping and site standards in C-2 Viking Avenue, C-3 SR 305 and C-4 College marketplace commercial zoning districts.

Revised or new site, landscaping and building design standards for the C-2, C-3 and C-4 districts are proposed, including:

- Revisions and consolidations of building design standards for architectural details, articulation, roof expression, exterior materials and colors.
- Revisions to landscaping standards for setbacks and parking lots.

No revisions have been discussed or identified.

4.7 Section 18.80.070 Infill and redevelopment incentives in C-2 (Viking Avenue) zoning district

One minor clarifying revision is proposed. No revisions have been discussed or identified.

4.8 Section 18.80.080 Additional standards and provisions for C zoning districts

This section includes revisions for mobile beverage/food and retail services, and new provisions for mobile food trucks; additional design standards for screening requirements (including trash/recycling and roof-mounted mechanical equipment), mini-storage facilities, and lighting. No revisions have been discussed or identified for these sections.

Outstanding Issue: Mixed Use Structure (Section 18.80.080.J) and Mixed-Use Site (Section 18.80.080.K) have been the primary issues of this section. Public comment has been provided at PED Committee meetings and City Council workshops that residential units - in the C-1 zoning district specifically - are not desirable and should be prohibited; only commercial use should be allowed. Conversely, public comment has also been received encouraging the City to continue to allow for mixed use in the C-1 zoning district, and to consider a request to allow residential use on the first-floor use of such structures.

The Planning and Economic Development Committee discussed the issue of mixed use at their 5/23/18 and 5/30/18 meetings and was the primary topic at the City Council’s 6/6/18 workshop.

Mixed Use Structures (vertical mixed use) in C zones:

Currently, vertical mixed use is allowed in all Commercial zoning districts. Section 18.80.080.J proposes amendments clarifying what uses are allowed on the first floor (18.80.080.J.2 and 3.a) with additional design standards (18.80.080.J.3.c,d and e).

Section 18.80.080.J.2 sets forth that “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).”

Section 18.80.080.J.3.a sets forth what uses can occur on the first floor of a mixed use structure (i.e. vertical mixed use): “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.”

Further, Section 18.80.080.J.3.d. sets forth that “...commercial uses 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.”

During the 6/6/18 City Council workshop, a City Councilmember expressed concern regarding residential units in the C-1 zoning district specifically, that future residents should not have an expectation of quiet enjoyment, as it is an active commercial district, and requested the draft address this concern.

DECISION POINT FOR 18.80.080.J – MIXED USE STRUCTURE: Does the City Council agree with the Planning Commission recommendation of commercial uses required on the first floor, be oriented to the primary street with a prominent entrance, and uses supporting residential units (such as lobby, fitness center, storage, etc.) can be allowed on the first floor, but behind the commercial uses?

Staff Recommendation for Mixed Use Structure: Staff recommends the Planning Commission modifications to 18.80.080.J for mixed use structure.

See #9 of the City Council Modification Document (6/12/18 version) addressing quiet enjoyment concern.

Mixed Use Site (horizontal mixed use) in C-1 zone:

A new proposed section – 18.80.080.K – has introduced horizontal mixed use in the C-1 zoning district at a specific location. Through lots which have street frontage off Front Street NE on the west and 3rd Avenue on the east, present an opportunity to encourage infill through stand-alone residential units on commercial zoned properties.

The mixed-use site is to be designed to look and function as an integrated development, encouraging pedestrian travel from 3rd Avenue to Front Street, and to be designed as townhouse or row-house type units. The corner lots of 3rd/Moe Street and 3rd/Hostmark Street (“bookends”) have been specially treated by the Planning Commission to allow for residential use on the first floor, through the “conversion” option – allowing for residential use until the private sector market demands commercial use on the first floor.

At the PED Committee 5/30/18 meeting and City Council 6/6/18 workshop, City Councilmembers discussed the proposed mixed-use site provisions and the conversion option at the “bookend” corners of 3rd/Moe and 3rd/Hostmark that the Planning Commission included. City Council sentiment was mixed - ranging from supporting the conversion option at the “bookend” corners, supporting the conversion option in vertical mixed use in all C zones, not supporting the conversion option at all, and not supporting the ‘mixed use site’ and allow the through lots to develop under the commercial zoning district standards.

DECISION POINT FOR 18.80.080.K – MIXED USE SITE: Given the range of responses by the City Councilmembers at the 6/6/18 workshop on the section, the following questions are suggested for Council consideration:

1. Does the City Council wish to allow for horizontal mixed use in the C-1 zoning district, specifically on through lots between Front Street and 3rd Avenue, as set forth in proposed Section 18.80.080.K?
2. If yes, does the City Council concur with the Planning Commission recommendation to allow the corner lots at 3rd/Moe and 3rd/Hostmark to have a ‘conversion’ option as set forth in 18.80.080.K.2.a?
3. Or, does the City Council wish to require commercial on the first floor, thereby deleting this section, and continuing to allow mixed use structures (i.e. commercial first floor) as the preferred type of mixed use in the C-1 zone?

4.9 Section 18.80.090 Planned mixed use development (PMUD)

No revisions are proposed for this section.

4.10 Section 18.80.100 Off-street parking and loading standards in the C-1 zoning district

4.11 Section 18.80.110 Off-street parking and loading standards in the C-2, C-3 and C-4 zoning districts

Revisions to both sections are proposed to clarify the parking standards for residential units within the commercial zoning districts. In summary: 1 parking space per 1 studio/one bedroom; 2 parking spaces per 2 bedroom; 1.25 spaces per residential for seniors (65 or older); and 1 for each regular beds (or units) plus 1 space for every full-time employee on largest shift for assisted living, senior congregate care or residential care center.

Outstanding Issue: Additional parking standards may be considered for inclusion for residential uses within the commercial districts. For example, guest parking spaces of 1 space per 4 units could be added.

DECISION POINT FOR OFF-STREET PARKING: Does the City Council wish to revise the parking standards for residential uses within the Commercial zoning districts?

Residential: ~~one space per studio/one bedroom dwelling unit; two one and a half spaces for a two or more bedroom dwelling unit.~~

~~a. Studio/one bedroom: one space per studio/dwelling unit.~~

~~b. Two bedrooms or more: two spaces per dwelling unit.~~

~~c. Residential units restricted to use for seniors (sixty-five years and older): 1.25 spaces per dwelling unit.~~

~~d. Assisted living, senior congregate care, residential care center: one for each four regular beds (or units), plus one space for every full-time employee on largest shift.~~

e. Guest parking is one space per four dwelling units; provided that commercial use parking spaces may meet this requirement at a one-to-one ratio replacement when uses' peak hours of operation do not overlap.

Staff Recommendation for Parking: Staff recommends adding a new standard for guest parking.

4.12 Section 18.80.120 Signage standards in the C-1 zoning district.

No revisions are proposed for this section.

4.13 Section 18.80.130 Signage standards in the C-2, C-3 and C-4 zoning districts

No revisions are proposed for this section.

4.14 Section 18.80.140 Project Review

No revisions are proposed for this section.