

City of Poulsbo

Planning & Economic Development



To: Planning Commission
From: Nikole Coleman, AICP, Senior Planner
Date: April 16, 2024
RE: C-3/SR 305 Proposed Code Amendments

State Route (SR) 305 is a highway that connects the Bainbridge Island Ferry Terminal to SR3 in Poulsbo and serves as a vital corridor for residents, businesses, and visitors. The highway provides connections to other major arterials, including SR307 and Viking Way NW, and runs through a commercial hub. In 2021, the highway saw a range of approximately 22,000 to 37,000 average daily counts of traffic, and with the projected growth in Poulsbo's population and job sectors, commerce and traffic will increase.

On September 13, 2023, the Poulsbo City Council passed [Ordinance 2023-13](#) approving a 12-month development moratorium for vacant properties and properties not improved with permanent structures located within the SR305 Corridor zoned C-3/SR305 Corridor. The moratorium was enacted in interest to update the zone's current code and expanding development options for residential development within the area. A moratorium is a pause on some new development, land use, and construction applications in order for a city to consider new and/or revised development and zoning regulations. The State of Washington grants Cities the authority to adopt a moratorium under RCW 36.70A.390. There were multiple reasons for passing the moratorium, however, the principal purpose is the desire by the City Council to open up more residential capacity in this part of the city.

As you know, the city has received a population and employment allocation as well as a housing target for the 2024 Comprehensive Plan update. Consistent with the growth alternatives outlined in the State Environmental Policy Act (SEPA) Environmental Impact Statement (EIS) [scoping process](#) for the Comprehensive Plan Update, the city has allocated approximately 800 population (or 383 housing units) to the SR305 Corridor in two (2) of the land use and growth alternatives. Without the additional planned growth for the SR305 Corridor, the city would be unable to meet the required growth allocations and targets.

A [Market Analysis and Feasibility Study](#) was done in June of 2023 by Leland Consulting Group (LCG) for the SR305 corridor. The study found that most of the demand in the study area is for housing. The retail market is active in existing buildings but with less demand for new developments, and office demand has dropped significantly because of the COVID-19 pandemic. In addition, since much of the study area is steeply sloped and the area contains streams, wetlands, erodible and hydric soils, and geohazard areas, the city should consider the following regulatory changes to encourage development in the study area:

- Reducing minimum **front yard setback** to 0' to enable development that fronts directly onto the sidewalk, as in historic parts of downtown Poulsbo.
- Allowing/encouraging **shared parking** ratios between housing and commercial space in the same building.
- Allowing **lower parking levels** in locations where residents could feasibly walk to transit, downtown, and other destinations. Most of the study area is within a quarter mile of SR305 and therefore should meet these criteria.
- Allowing garden apartments, single family housing, and **middle housing** (e.g., townhomes) in the east and west hillside areas.
- Allow **more height** and require significantly **less ground floor commercial space**.
- Offer the 8-year Multifamily Tax Exemption (**MFTE**) to spur multifamily development.

At the April 9, 2024, Planning Commission meeting, staff provided an overview of potential code amendments. Attached to this memo are the staff proposed amendments, based on the feedback received at the April 9 workshop. The amendments focus on two items - height increases within specific areas and strategic revisions to permitted uses. Minor parking reductions were reviewed during the C-4/BP Olhava code amendment review.

The Planning Commission Public Hearing is tentatively scheduled for May 28.

NOTE: Not all provisions of a specific section are presented below; only the pertinent sections proposed to be amended are identified. For full context, please refer to the complete section in the Poulosbo Municipal Code: <https://www.codepublishing.com/WA/Poulosbo/>. Full project review documents can be viewed on the project website: <https://cityofpoulosbo.com/development-regulation-amendments-2/>.

Chapter 18.80 | COMMERCIAL DISTRICTS

18.80.020 Purpose.

- D. The C-3 commercial district applies to the geographic area of SR 305 corridor, including Seventh and Tenth Avenues, and is intended to:
1. Encourage businesses that offer the frequently needed consumer goods and services for the local population.
 2. Support a wide range of activities to enhance the SR 305 corridor as the business and financial, health services, and professional office hub of the community.
 3. Ensure that projects are designed using consistent and compatible architectural design.
 4. Allow for residential and mixed-use projects to increase the opportunities for people to live, work, shop and recreate within walking distance.

18.80.030 Uses.

- A. Types of Uses. For the purposes of this chapter, there are six kinds of use:
1. A permitted (P) use is one that is permitted outright, subject to all the applicable provisions of this title.
 2. A conditional use (C) is discretionary use reviewed through the process set forth in Chapter 18.230 governing conditional uses.
 3. An administrative conditional use (AC) is a discretionary use reviewed through the process set forth in Chapter 18.230 governing administrative conditional uses.
 4. A prohibited use (X) is one that is not permitted in the zoning district under any circumstances.
 5. An N/A use is one that is not applicable to the zoning district.
 6. A temporary use permit (TUP) is a use that is allowed only through a temporary use through the process and limitations set forth in Chapter 18.280.
- B. Recognizing that there may be certain uses not mentioned specifically in Table 18.80.030 because of changing business, technology advances, or other reasons, the planning director is authorized to make similar use determinations, as set forth in Section 18.50.030.

The following Table 18.80.030 is a list of uses for the four zoning districts:

Table 18.80.030 Commercial Zoning Districts Use Table					
USE	C-1 Downtown/ Front Street	Shopfront Overlay	C-2 Viking Avenue	C-3 SR 305 Corridor	C-4 College MarketPlace
Retail Sales and Service					
Automobile sales	X	X	P	X	X
Automobile rental agencies	X	X	P	X	X
Automobile towing services	X	X	P	X	X
Automotive repair	X	X	P	P	P
Automotive parts	X	X	P	P	P
Auto fuel service station ¹	X	X	AC	AC	AC
Building with drive-through facility ¹	AC	X	P	P	P
Building materials, garden, and farm supplies	X	X	P	P	P
Convenience store	P	P	P	P	P

Table 18.80.030 Commercial Zoning Districts Use Table

USE	C-1 Downtown/ Front Street	Shopfront Overlay	C-2 Viking Avenue	C-3 SR 305 Corridor	C-4 College MarketPlace
Grocery stores	P ²	X	P	P	P
Marine boat sales, service, or rental	P	X	P	X P	X
Mobile, manufactured, and modular housing sales	X	X	P	X	X
Pet and animal sales or service (including dog day care) ¹	P	P ³	P	P	P
Pharmacies and medical supplies	P	P	P	P	P
Regional retail, large-size <i>50,001 square feet or larger</i>	X	X	X	P	P
Regional retail, mid-size <i>50,000 square feet or less</i>	X	X	P	P	P
Rentals, equipment	X	X	AC	AC <u>in an enclosed building only</u>	AC in an enclosed building only
Retail sales, including variety and specialty stores; general merchandise; flower/plant shop; clothing; home and business/office supplies and goods; art and art supplies; dry goods; gifts; marine supplies, and the like	P	P	P	P	P
Vehicle car wash	X	X	AC	X AC	AC
Food and Drink Services¹					
Eating and drinking establishments	P	P	P	P	P
Bakeries, confectioneries, and artisan foods	P	P	P	P	P
Mobile food services ¹	TUP ⁶	X	TUP	TUP	TUP
Farmers market/outdoor produce stands	AC	AC	AC	AC	AC
Food service contractor	X	X	P	P	P
Full-service restaurant (no drive-through)	P	P	P	P	P
Microbrewery, distillery, or winery	AC	AC	P	P	P
Restaurant or coffee w/drive-through ¹	X	X	P	P	P
Business and Professional Services					
Business services (<i>copy centers, printing, mailing, courier and the like</i>)	AC	X	P	P	P
Conference centers	C	X	AC	AC	AC
Corporate headquarters and regional offices	AC	X	P	P	P
Financial services	P	P ³	P	P	P
Investigation and security services	P	X	P	P	P
Offices	P	P ³	P	P	P
Professional services	P	P ³	P	P	P
Real estate	P	P ³	P	P	P

Table 18.80.030 Commercial Zoning Districts Use Table					
USE	C-1 Downtown/ Front Street	Shopfront Overlay	C-2 Viking Avenue	C-3 SR 305 Corridor	C-4 College MarketPlace
Travel arrangement and reservation services	P	P	P	P	P
Personal Services					
Barber and beauty salons	P	P	P	P	P
Banks and credit unions	P	P	P	P	P
Health and personal care/spas	P	P	P	P	P
Laundry and dry cleaning	P	X	P	P	P
Science/Technology/Research and Development					
Biotechnical/medical laboratories	AC	AC ³	P	P	P
Computer and information technology	P	AC ³	P	P	P
Electronic components, board systems and similar engineering and development	P	AC ³	P	P	P
Research and development/technology uses not otherwise named	P	AC ³	P	P	P
Software engineering	P	AC ³	P	P	P
Fabrication and Assembly					
Electrical or similar component fabrication and/or assembly	AC	AC ³	P	<u>AC P</u>	P
Metal, wood and other materials machining, fabrication, and assembly completely within an enclosed building	AC	AC ³	P	<u>AC P</u>	P
Handcrafted artisan-type products, crafts, food processing or other art-related items within an enclosed building	P	P	P	P	P
Miscellaneous light fabrication and assembly not otherwise named	P	AC ³	P	<u>AC P</u>	P
Lodging					
Bed and breakfast ¹	P	P	P	P	P
Boutique hotel/inn	P	P	P	P	P
Hotels and motels	AC	AC	P	P	P
Arts, Entertainment and Recreation					
Golf course	X	X	C	C	C
Historic and cultural exhibits	P	P	P	P	P
Libraries, museums, galleries	P	P	P	P	P
Marina	C	C	C	N/A	N/A
Movie theater	AC	AC	P	P	P
Performing arts or supporting establishment	P	P	P	P	P

Table 18.80.030 Commercial Zoning Districts Use Table

USE	C-1 Downtown/ Front Street	Shopfront Overlay	C-2 Viking Avenue	C-3 SR 305 Corridor	C-4 College MarketPlace
Privately owned amusement, sports, or recreation establishments	AC	AC	P	P	P
Public parks	P	P	P	P	P
Recreational goods rentals	P	AC	P	P	P
Sports arena or stadium	X	X	C	C	C
Zoos, botanical gardens, and arboreta	X	X	C	C	C
Educational Services¹					
Colleges and universities	AC	AC ³	AC	AC	P
Grade schools K—12 (public and private)	C	C	C	C	C
Preschool/childcare center ¹	AC	AC ³	P	P	P
Technical, trade and other specialty schools	AC	AC ³	AC	AC	P
Health and Human Services					
Ambulatory and outpatient care services (physicians, outpatient clinics, dentists)	AC	AC ³	P	P	P
Animal hospital and veterinary clinics	AC	X	P	P	P
Funeral homes	X	X	C	C	C
Hospital	X	X	C	C	C
Social assistance, welfare and charitable offices and services	P	P ³	P	P	P
Public Administration					
Fire/police services	P	P	P	P	P
Government services, offices	P	P ³	P	P	P
Maintenance shops	X	X	P	P	P
Postal services	P	P	P	P	P
Transit facilities, including park and ride lots and transfer centers but not including bus stops	C	X	AC	AC	AC
Residential					
Mixed-use structure ¹	P	P	P	P	P
Existing residential use without increase in density ¹	P	P	P	P	P
Home business ¹	P	P	P	P	P
Home occupation ¹	P	P	P	P	P
Family day care/adult family home (<i>within existing residential use, no increase in density</i>)	AC	AC ³	P	P	P
Nursing home, residential care facility, assisted living, congregate care housing	C	X	AC	AC	AC
Planned mixed-use developments (PMUD) ⁴	X	X	P	P	P

Table 18.80.030 Commercial Zoning Districts Use Table

USE	C-1 Downtown/ Front Street	Shopfront Overlay	C-2 Viking Avenue	C-3 SR 305 Corridor	C-4 College MarketPlace
Emergency Shelter ¹	AC	C ³	AC	AC	AC
Emergency Housing ¹	AC	C ³	AC	AC	AC
Permanent Supportive Housing ¹	AC	C ³	AC	AC	AC
Transitional Housing ¹	AC	C ³	AC	AC	AC
Utilities and Other Public Services					
Essential public facilities					
State and regional	P	P	P	P	P
Local	C	C	C	C	C
Recycling center	X	X	AC	X AC	X
Utility facilities and utility system	AC	X	P	P	P
Wireless communication facilities exceeding 21' in height	X	X	AC	C	AC
Co-location on existing facility or structure	P	P	P	AC	P
Wireless communication facilities 20' or less in height, including co-location on existing facility or structure	P	P	P	AC	P
Other					
Electric vehicle charging stations	P	P	P	P	P
Adult entertainment businesses	X	X	X	X	X
Commercial parking lots and parking garages (<i>stand-alone; not associated with commercial structure</i>)	AC	AC	P	P	C
Self-serve mini-storage ¹	X	X	P	X ⁵	X
Clubs, lodges, charitable institutions and similar uses, under 5,000 square feet and within an existing building(s)	P	AC	P	P	P
Clubs, lodges, charitable institutions and similar uses, new freestanding structures and existing building(s) 5,000 square feet or larger ¹	AC	AC	AC	AC	AC
Places of worship, under 5,000 square feet and within an existing building(s) ¹	AC	AC	P	P	P
Places of worship, new freestanding structures and existing building(s) 5,000 square feet or larger ¹	AC	AC	AC	AC	AC

¹ Subject to standards in Section 18.80.080.

² Up to 25,000 square feet gross floor area.

³ Permitted on the second floor or behind shopfront commercial use per Section 18.80.050(D)(12).

⁴ Subject to standards in Section 18.80.090.

⁵ Existing self-service mini storage shall be permitted per Section 18.80.080(I)(13).

⁶ Permitted only in coordination with a special events permit.

⁷ Existing car wash facilities shall be permitted per Section 18.80.080(P).

18.80.040 Development standards for commercial districts.

A. Table 18.80.040 sets forth the development standards for the commercial zoning districts.

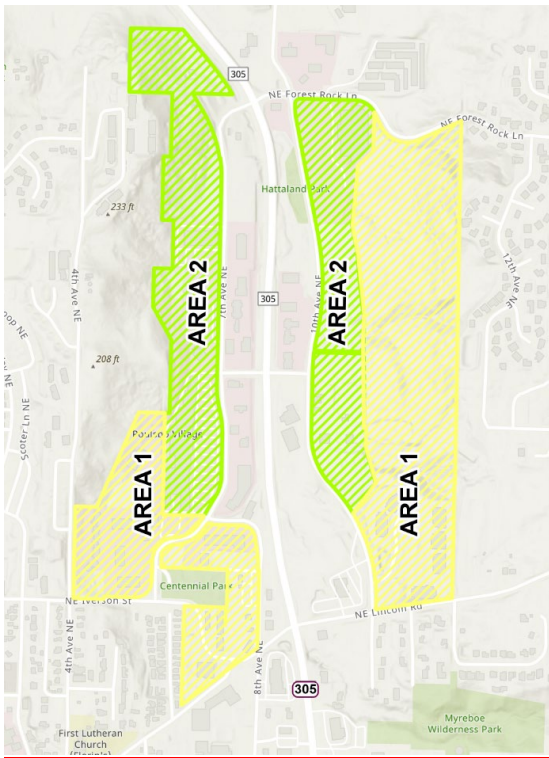
Table 18.80.040 Commercial Districts' Development Standards					
Standard	C-1 Downtown	Shopfront Overlay	C-2 Viking Avenue^{1, 2}	C-3 SR 305 Corridor²	C-4 College MarketPlace
Minimum Lot Area	None. Lot area shall be of size and shape appropriate to accommodate intended uses, parking and landscaping requirements.				
Maximum Lot Area	None	None	None	None	None
Minimum Front Yard Setback	None	None	10'	15'	15'
Minimum Side Yard Setback	None	None	5'	<u>None 5'</u>	5'
Minimum Rear Yard Setback	None	None	10'	10'	10'
Minimum Side or Rear Yard Adjacent to R Zone	10'	10'	15'	15'	15'
Maximum Avg. Building Height ³	See Section 18.80.040(B) ⁴		35' ⁵	<u>35'⁵ See Section 18.80.040(C)⁵</u>	See Section 18.80.040(DG) ⁵
Maximum Building Lot Coverage	85%	100%	50%	<u>50%-60%, or 80% if at least 50% of the required parking is under the building.</u>	60%, or 80% if at least 50% of the required parking is under the building.
¹ Alternative development standards for the C-2 zoning district may be allowed through the provisions in Section 18.80.070. ² Alternative development standards for a planned mixed-use development may be allowed through the provisions in Section 18.80.090. ³ See Section 18.150.050 for building height measurement and Section 18.310.010 for building height exceptions. ⁴ See Section 18.80.050(D)(13) for upper-level setback requirement in the shopfront overlay. ⁵ See Section 18.80.060(A)(7) for upper-level setback requirement.					

B. **C-1 Zoning District Height.** The maximum average building height in the C-1 zoning district shall be thirty-five feet; provided, that:

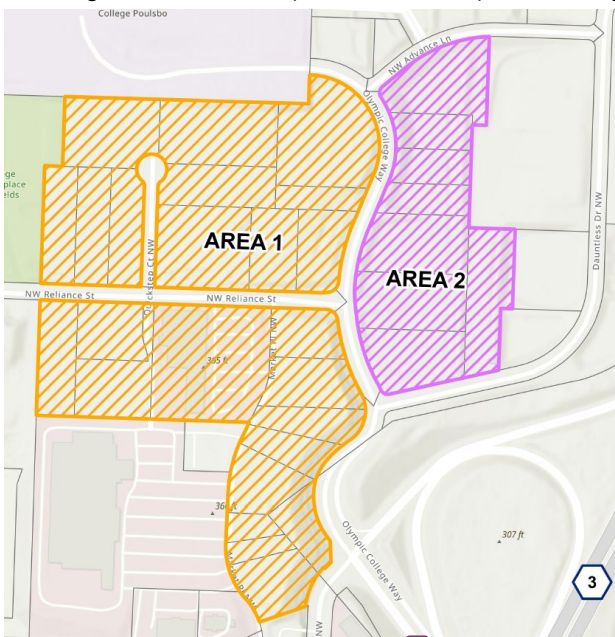
1. The height limit on 3rd Avenue NE between Moe Street NE and NE Hostmark Street shall be twenty-five feet as measured from the highest sidewalk grade of 3rd Avenue NE adjacent to the property line;
2. In the shopfront overlay the height limit on west side of Front Street NE shall be twenty-five feet and on east side of Front Street NE shall be thirty-five feet as measured from the highest sidewalk grade of Front Street NE adjacent to the property line;
3. "Highest sidewalk grade" means the highest elevation of the sidewalk parallel to the building frontage; and
4. The height limits described above in subsections (B)(1) and (2) of this section shall not apply to rooftop appurtenances per 18.310.010.

C. **C-3 Zoning District Height.** The maximum average building height in the C-3 zoning district shall be thirty-five feet, provided that:

1. The height limit in area 1 (as shown below) shall be forty-five feet average building height; and
2. The height limit in area 2 (as shown below) shall be fifty-five feet average building height.



- D. C-4 Zoning District Height.** The maximum average building height in the C-4 zoning district shall be thirty-five feet, provided that:
3. The height limit in area 1 (as shown below) shall be forty-five feet average building height; and
 4. The height limit in area 2 (as shown below) shall be fifty-five feet average building height.



18.80.080 Additional standards and provisions for C zoning districts.

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). (Except as allowed in subsection (J)(3)(a)(i) of this section.)
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.
 - i. Within the C-1 (outside of the shopfront overlay) C-3, and C-4 zoning districts, residential units may be allowed on the first floor; provided, that the first floor shall be constructed to commercial building and fire code standards and parking required at the applicable commercial ratio, to accommodate flexibility of use as both residential or commercial, as the market supports.
 - b. A minimum of fifty percent of the street level ground floor gross square footage shall be occupied by uses set forth in Table 18.80.030, Commercial Zoning Districts Use Table, or as allowed by this section, and oriented to the primary street. Any underbuilding parking located on the street level floor shall be provided at the commercial parking standards and shall have an intervening permitted use between the street and the parking.
 - c. The mixed-use building shall be designed to look and function as an integrated development and encourage pedestrian travel between uses and adjacent buildings.
 - d. 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.
 - e. 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.
 - f. Compatibility with the height, massing, setback and design character of surrounding uses shall be considered in mixed-use structure design.
 - g. 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.
 - h. 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.
 - i. 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.
 - j. Existing residential units in a mixed-use structure in the C zones may continue without meeting the standards above.
4. It is recommended that acknowledgement be included in lease or purchase/sale agreements for residential units in mixed-use structures, and address that residents will reside within commercial structures, where quiet enjoyment may not be guaranteed due to the nature of business, dining/entertainment or special event activity within the commercial zoning districts.

P. Existing car wash facilities that exist as of the date of adoption of the ordinance codified in this chapter are permitted to expand within the boundaries of the property, consistent with and meet all applicable standards of the zoning district.