

# City of Poulsbo

*Planning & Economic Development*



## OLHAVA/COLLEGE MARKETPLACE CODE AMENDMENTS STAFF REPORT AND RECOMMENDATION

**To:** Mayor Erickson and Poulsbo City Council  
**From:** Nikole Coleman, Senior Planner  
**Subject:** Olhava/College Marketplace Code Amendments  
**Date:** April 19, 2024

The Planning Commission and staff respectfully recommend approval of the Olhava/College Marketplace Code Amendments as set forth in Exhibit A to this staff report.

### **PROPOSED MOTION:**

**MOVE** to (approve) (approval with modifications) Application No. P-03-01-24-01, the Olhava/College Marketplace Code Amendments, as identified in Exhibit A to this staff report, and repeal the development moratorium (Ord. No. 2023-11),

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## 1.0 General Information

Applicant:	City of Poulsbo   200 NE Moe Street   Poulsbo WA, 98370
Application No.:	P-03-01-24-01
Description of Proposal:	<p>Amendments are proposed for the C-4 Commercial and Business Park zoning districts, which are only found in College Marketplace, along with a very limited amendment to the Residential Low (RL) zoning district to allow increased height for higher education uses. The proposed amendments are focused on three items - height increases within specific areas, minor reductions in parking requirements, and strategic revisions to permitted uses.</p> <p>It should be noted that not all provisions of a specific section are presented in Exhibit A; only the pertinent sections proposed to be amended are identified. For full context, please see the complete section at: <a href="https://www.codepublishing.com/WA/Poulsbo/">https://www.codepublishing.com/WA/Poulsbo/</a></p>
Type of Amendment:	Zoning Code Text Amendments
SEPA Status:	An Optional DNS was issued on March 6, 2024
Enabling Code:	PMC 18.210.010, PMC 19.40.050
City Council Public Hearing:	May 1, 2024
Staff Contact:	Nikole Coleman, Senior Planner   ncoleman@cityofpoulsbo.com

## 2.0 Review Process to Date

The Planning commission held workshops on the proposed amendments on February 12 and 27, 2024.

On March 6, 2024, the Notice of Application (NOA) with Optional DNS and Notice of Planning Commission Public Hearing were published in the Seattle Times, emailed to the NOA, SEPA, Public Hearing, and Development Regulations e-notice list, distributed to Washington State Department of Commerce, and posted at the Poulsbo Post Office, City Hall, and the City's website (Exhibit D).

On March 26, 2024, the Planning Commission held a duly noticed public hearing and after considering the testimony received at the public hearing, the Planning Commission voted to recommend approval to the Poulsbo City Council and adopted findings of fact in support of their decision (Exhibit E).

On April 10, 2024, the City Council held a workshop on these amendments and following discussion, set the public hearing for May 1, 2024.

On April 17, 2024, a public hearing notice announcing the City Council Public Hearing was published in the Seattle Times and posted at the Poulsbo Post Office, Public Library and City Hall and the City's website; and emailed to the public hearing and development regulations e-notice list (Exhibit F).

No public comments have been received to date.

## 3.0 Background

The [Olhava Master Plan](#) (OMP) was submitted to the City of Poulsbo in 1995 and approved in 1997. The property is divided by State Highway 3 into a northern 174-acre parcel and a southern 41-acre parcel. Its approval included a 10-year phasing plan to construct a 50,000 square foot Olympic College, 490 residential units, 840,000 square feet of commercial and 325,000 square feet of business park. This area is commonly known today as College Marketplace.

In addition to the OMP, a [Development Agreement](#) between the property owners, Olympic College and the City was executed in 2004. Also, that same year, mass grading and infrastructure improvements such as roads, sewer and water were constructed and installed along with the grand opening of Olympic College campus in Poulsbo. Since the opening of Olympic College in 2004, approximately [18](#)

development projects have been approved and constructed beginning with Wal Mart and Home Depot in 2006, with the most recent opening of Chipotle and the first phase of the CMP apartments.

On August 9, 2023, the Poulsbo City Council passed emergency Ordinance No. 2023-11 approving a 12-month development moratorium for vacant undeveloped property zoned Commercial (C-4) and Business Park (BP) within the OMP (Exhibit B). 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.

Staff held a meeting with impacted property owners on November 30, 2023. Impacted property owners are those who own vacant properties in the C-4 or BP zoning district. The agenda included a history of the Olhava Master Plan and developments, current development standards, and proposed changes. The two-hour meeting allowed for discussion and brainstorming regarding uses, height, and parking.

Following additional research, consultation with the City Attorney, and discussion with impacted property owners, it was determined that the Olhava Master Plan can only be amended by property owners (or applicants). Therefore, the city did not have the ability to holistically make changes to the OMP. However, amendments to the underlying zoning text could provide opportunities for property owners to construct additional much needed housing. Staff provided an update and proposed next steps to the City Council on January 17, 2024. The City Council provided direction to staff to proceed with proposed code amendments.

#### 4.0 Proposed Amendments

Initial staff proposed amendments are represented as red underline and red ~~strikeout~~. The Planning Commission, in its role as the City's primary land use advisory committee, identified additional modifications to the staff proposed amendments. The Planning Commission modifications are shown in purple underline and ~~strikeout~~. City Council modifications are shown in blue underline and ~~strikeout~~.

The proposed amendments will simultaneously amend the Poulsbo Municipal Code and repeal the moratorium (Ord. No. 2023-11). Adoption of these regulations will complete the moratorium workplan.

#### 5.0 Attorney General's Unconstitutional Takings Memo

Pursuant to Comprehensive Plan Policy PI-2.4, City staff members are familiar with Washington State Attorney General's "warning signals" for unconstitutional takings of private property. Staff has reviewed the Attorney General's Advisory Memorandum: Avoiding Unconstitutional Takings in the context of the proposed amendment and has consulted with the City Attorney regarding the warning signals. Staff and the City Attorney are comfortable that the draft ordinance does not result in any unconstitutional taking.

#### 6.0 Review Criteria and Conclusion and Recommendation

Amendments to the text of this title or zoning amendments to the city's zoning map shall be applied for and processed according to the provisions of Title 19.

In order to grant a zoning code text amendment, the following findings must be made:

1. The amendment is consistent with the comprehensive plan; and
2. The amendment supports and/or enhances the public health, safety or welfare; and
3. The amendment is not contrary to the best interests of the citizens and property owners.

#### ***Conclusion:***

The amendments support the land use (Ch 1), community character (Ch 2), housing (Ch 7), and participation, implementation, and evaluation (Ch 11) chapters of the Comprehensive Plan. Supporting policies include:

- Policy LU-3.8 Encourage the infill, renovation or redevelopment of existing commercial areas and discourage expansion of linear commercial "strips."
- 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.

- Policy HS-3.1 Promote socioeconomic integration by allowing for a variety of housing types and sizes together in new residential and redevelopment projects.

The amendments support and/or enhance public health, safety and welfare and is not contrary to the best interest of the citizens and property owners by accomplishing the following:

- Permit mixed-use structures and sites within the Business Park (BP) zone.
- Allow flexible first-floor in the C-4 Commercial zone for mixed-use structures.
- Increase height and make minor reductions in parking requirements, within the C-4 and BP zones, to incentivize construction of additional housing units within an area that has the needed infrastructure (streets, sewer, water, stormwater) to support the growth.

***Recommendation:*** Planning Commission and staff respectfully recommend approval for the proposed Olhava/College Marketplace Code Amendments.

## 7.0 City Council Public Hearing, May 1, 2024

The City Council Public Hearing is scheduled for **Wednesday, May 1, 2024**, at 5:00 pm, or soon thereafter. Public hearings are being held as a hybrid virtual/in-person meeting at the web address and call-in number noted below and at Poulosbo City Hall Council Chambers, 200 NE Moe Street, Poulosbo, Washington. This call-in number: 1-253-215-8782 and meeting id: 898 4841 6447 are provided for virtual attendance, in addition to this webinar link: <https://us02web.zoom.us/j/89848416447>. Oral comments can be made in-person. Please state your name and limit your comments to 5 minutes unless additional time is granted by the Council. As a rule, the Council will not respond to citizen comments. Written comments can be emailed to [cityclerks@cityofpoulosbo.com](mailto:cityclerks@cityofpoulosbo.com) by 2:00 p.m. the day of the meeting, and they will be distributed to the Council before the meeting. Written comments will not be read into the record.

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## 8.0 Exhibits

- A. Olhava/College Marketplace Code Amendments
- B. Ordinance No. [2023-11](#)
- C. Public Participation Plan
- D. Notice of Application with Optional DNS and Notice of Planning Commission Public Hearing
- E. Planning Commission Findings of Fact
- F. Notice of City Council Public Hearing