

# City of Poulsbo

## Planning & Economic Development



To: Mayor Erickson and City Council  
From: Nikole Coleman, AICP, Senior Planner  
Date: May 30, 2024  
RE: C-3/SR 305 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.

The Planning Commission, in its role as the City's primary land use advisory committee held a workshop on the proposed amendments on April 9 and April 23, 2024, and identified additional modifications. On May 28, 2024, the Planning Commission held a duly notified Public Hearing and respectfully recommended approval of the C-3/SR 305 Code Amendments Code Amendments. The Planning Commission modifications are shown in [purple underline](#) for proposed new language or additions or [purple strikeout](#) for deletions. Initial staff proposed amendments are represented as [red underline](#) and [red strikeout](#).

***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 Poulsville Municipal Code: <https://www.codepublishing.com/WA/Poulsville/>. Full project review documents can be viewed on the project website: <https://cityofpoulsville.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:

<b>Table 18.80.030 Commercial Zoning Districts Use Table</b>					
<b>USE</b>	<b>C-1 Downtown/ Front Street</b>	<b>Shopfront Overlay</b>	<b>C-2 Viking Avenue</b>	<b>C-3 SR 305 Corridor</b>	<b>C-4 College MarketPlace</b>
<b>Retail Sales and Service</b>					
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 <sup>1</sup>	X	X	AC	AC	AC
Building with drive-through facility <sup>1</sup>	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 <sup>2</sup>	X	P	P	P
Marine boat sales, service, or rental	P	X	P	<del>X</del> P	X
Mobile, manufactured, and modular housing sales	X	X	P	X	X
Pet and animal sales or service (including dog day care) <sup>1</sup>	P	P <sup>3</sup>	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	<del>X</del> AG	AC
<b>Food and Drink Services<sup>1</sup></b>					
Eating and drinking establishments	P	P	P	P	P
Bakeries, confectioneries, and artisan foods	P	P	P	P	P
Mobile food services <sup>1</sup>	TUP <sup>6</sup>	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 <sup>1</sup>	X	X	P	P	P
<b>Business and Professional Services</b>					
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 <sup>3</sup>	P	P	P
Investigation and security services	P	X	P	P	P
Offices	P	P <sup>3</sup>	P	P	P
Professional services	P	P <sup>3</sup>	P	P	P
Real estate	P	P <sup>3</sup>	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
<b>Personal Services</b>					
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
<b>Science/Technology/Research and Development</b>					
Biotechnical/medical laboratories	AC	AC <sup>3</sup>	P	P	P
Computer and information technology	P	AC <sup>3</sup>	P	P	P
Electronic components, board systems and similar engineering and development	P	AC <sup>3</sup>	P	P	P
Research and development/technology uses not otherwise named	P	AC <sup>3</sup>	P	P	P
Software engineering	P	AC <sup>3</sup>	P	P	P
<b>Fabrication and Assembly</b>					
Electrical or similar component fabrication and/or assembly	AC	AC <sup>3</sup>	P	<u>AC P</u>	P
Metal, wood and other materials machining, fabrication, and assembly completely within an enclosed building	AC	AC <sup>3</sup>	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 <sup>3</sup>	P	<u>AC P</u>	P
<b>Lodging</b>					
Bed and breakfast <sup>1</sup>	P	P	P	P	P
Boutique hotel/inn	P	P	P	P	P
Hotels and motels	AC	AC	P	P	P
<b>Arts, Entertainment and Recreation</b>					
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
Privately owned amusement, sports, or recreation establishments	AC	AC	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
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
<b>Educational Services<sup>1</sup></b>					
Colleges and universities	AC	AC <sup>3</sup>	AC	AC	P
Grade schools K—12 (public and private)	C	C	C	C	C
Preschool/childcare center <sup>1</sup>	AC	AC <sup>3</sup>	P	P	P
Technical, trade and other specialty schools	AC	AC <sup>3</sup>	AC	AC	P
<b>Health and Human Services</b>					
Ambulatory and outpatient care services (physicians, outpatient clinics, dentists)	AC	AC <sup>3</sup>	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 <sup>3</sup>	P	P	P
<b>Public Administration</b>					
Fire/police services	P	P	P	P	P
Government services, offices	P	P <sup>3</sup>	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
<b>Residential</b>					
Mixed-use structure <sup>1</sup>	P	P	P	P	P
Existing residential use without increase in density <sup>1</sup>	P	P	P	P	P
Home business <sup>1</sup>	P	P	P	P	P
Home occupation <sup>1</sup>	P	P	P	P	P
Family day care/adult family home ( <i>within existing residential use, no increase in density</i> )	AC	AC <sup>3</sup>	P	P	P
Nursing home, residential care facility, assisted living, congregate care housing	C	X	AC	AC	AC
Planned mixed-use developments (PMUD) <sup>4</sup>	X	X	P	P	P
Emergency Shelter <sup>1</sup>	AC	C <sup>3</sup>	AC	AC	AC
Emergency Housing <sup>1</sup>	AC	C <sup>3</sup>	AC	AC	AC

**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
Permanent Supportive Housing <sup>1</sup>	AC	C <sup>3</sup>	AC	AC	AC
Transitional Housing <sup>1</sup>	AC	C <sup>3</sup>	AC	AC	AC
<b>Utilities and Other Public Services</b>					
Essential public facilities					
State and regional	P	P	P	P	P
Local	C	C	C	C	C
Recycling center	X	X	AC	<del>X</del> 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
<b>Other</b>					
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 <sup>1</sup>	X	X	P	X <sup>5</sup>	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 <sup>1</sup>	AC	AC	AC	AC	AC
Places of worship, under 5,000 square feet and within an existing building(s) <sup>1</sup>	AC	AC	P	P	P
Places of worship, new freestanding structures and existing building(s) 5,000 square feet or larger <sup>1</sup>	AC	AC	AC	AC	AC

<sup>1</sup> Subject to standards in Section 18.80.080.

<sup>2</sup> Up to 25,000 square feet gross floor area.

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

<sup>4</sup> Subject to standards in Section 18.80.090.

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

<sup>6</sup> Permitted only in coordination with a special events permit.

<sup>7</sup> 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.

<b>Table 18.80.040 Commercial Districts' Development Standards</b>					
<b>Standard</b>	<b>C-1 Downtown</b>	<b>Shopfront Overlay</b>	<b>C-2 Viking Avenue<sup>1, 2</sup></b>	<b>C-3 SR 305 Corridor<sup>2</sup></b>	<b>C-4 College MarketPlace</b>
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 <sup>3</sup>	See Section 18.80.040(B) <sup>4</sup>		35' <sup>5</sup>	<del>35'</del> <sup>5</sup> <u>See Section 18.80.040(D)<sup>5</sup></u>	See Section 18.80.040(C) <sup>5</sup>
Maximum Building Lot Coverage	85%	100%	50%	<del>50%-60%, or 80% if at least 50% of the required parking is under the building.</del>	60%, or 80% if at least 50% of the required parking is under the building.
<sup>1</sup> Alternative development standards for the C-2 zoning district may be allowed through the provisions in Section 18.80.070. <sup>2</sup> Alternative development standards for a planned mixed-use development may be allowed through the provisions in Section 18.80.090. <sup>3</sup> See Section 18.150.050 for building height measurement and Section 18.310.010 for building height exceptions. <sup>4</sup> See Section 18.80.050(D)(13) for upper-level setback requirement in the shopfront overlay <u>and Section 18.150.060 for measuring upper-level setback.</u> <sup>5</sup> See Section 18.80.060(A)(7) for upper-level setback requirement <u>and Section 18.150.060 for measuring upper-level setback.</u>					

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

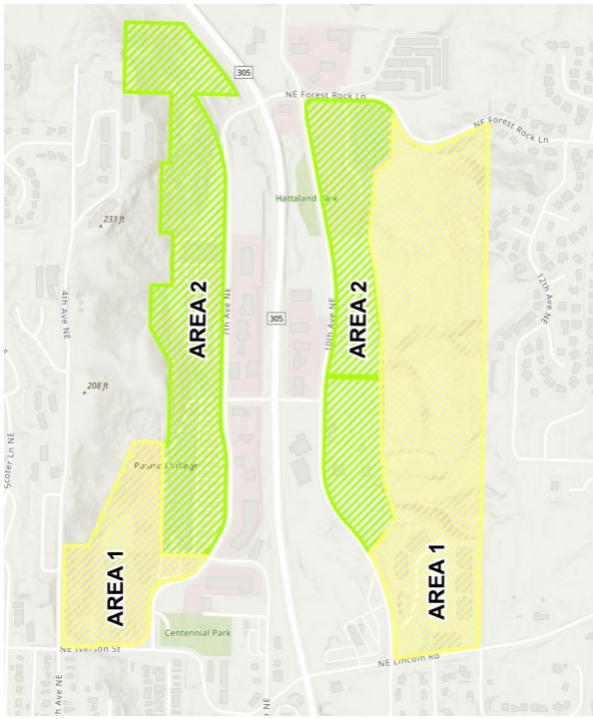
1. The height limit on 3rd Avenue NE between Moe Street NE and NE Hostmark Street shall be twenty-five feet as measured from the highest sidewalk grade of 3rd Avenue NE adjacent to the property line;
2. In the shopfront overlay the height limit on west side of Front Street NE shall be twenty-five feet 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, with the exception of:

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.

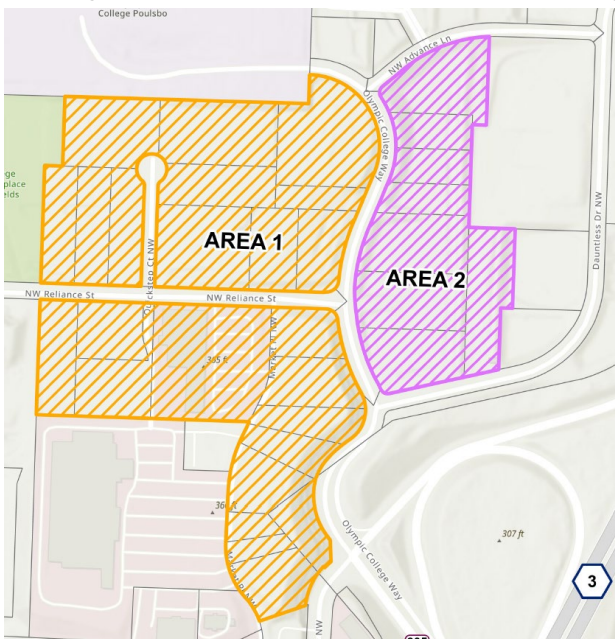


Staff proposed amendments are shown in red underline and ~~strikethrough~~  
Planning Commission proposed amendments are shown in purple underline and ~~strikethrough~~



D. ~~C~~ C-4 Zoning District Height. The maximum average building height in the C-4 zoning district shall be thirty-five feet, with the exception of 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.



**18.80.080 Additional standards and provisions for C 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 as of the date of adoption of the ordinance codified in this chapter. The expansion shall be consistent with and meet all applicable standards of the zoning district.