

City of Poulsbo

Planning & Economic Development



C-3/SR 305 COMMERCIAL CODE AMENDMENTS

STAFF REPORT AND RECOMMENDATION

To: Mayor Erickson and Poulsbo City Council
From: Nikole Coleman, AICP, Senior Planner
Subject: C-3/SR 305 Commercial Code Amendments
Date: June 11, 2024

The Planning Commission and staff respectfully recommend approval of the C-3/SR 305 Commercial Code Amendments as set forth in Exhibit A to this staff report and to repeal Ordinance No. 2023-13.

PROPOSED MOTION:

MOVE to (approve) (approval with modifications) Application No. P-04-17-24-01, the C-3/SR 305 Commercial Code Amendments, as identified in Exhibit A to this staff report and repeal the development moratorium (Ord. No. 2023-13).

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1.0 General Information

Applicant:	City of Poulsbo 200 NE Moe Street Poulsbo WA, 98370
Application No.:	P-04-17-24-01
Description of Proposal:	Amendments are proposed for the C-3/SR 305 Commercial Zoning District. The proposed 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. Note: 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: https://www.codepublishing.com/WA/Poulsbo/
Type of Amendment:	Zoning Code Text Amendments
SEPA Status:	An Optional DNS was issued on May 6, 2024
Enabling Code:	PMC 18.210.010, PMC 19.40.050
City Council Public Hearing:	Wednesday, June 26, 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 April 9 and 23, 2024.

On May 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 May 28, 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 June 5, 2024, the City Council held a workshop on these amendments and following discussion, set the public hearing for June 26, 2024.

On June 11, 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).

One public comment has been received to date (Exhibit G).

3.0 Background

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. 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.

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 completed 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 a number of regulatory changes to encourage development in the study area, including allowing more height, lower parking levels in locations where residents could feasibly walk to transit, downtown, and other destinations, and permitting garden apartments, single family housing, and middle housing (e.g., townhomes) in the east and west hillside areas.

4.0 Proposed Amendments

Initial staff proposed amendments are represented as [red underline](#) and [red strikethrough](#). 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 [strikethrough](#). City Council modifications are shown in [blue underline](#) and [strikethrough](#).

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:

- Allow for residential and mixed-use projects to increase the opportunities for people to live, work, shop and recreate within walking distance.
- Limit uses that are not compatible with future residential.
- Increase height to incentivize construction of additional housing units within an area that has the infrastructure (streets, sewer, water, stormwater) to support the growth.
- Reduce front and site setback requirements to allow for site flexibility.
- Allow for existing car wash facilities to continue to function as conforming uses, while also eliminating the ability for new car wash facilities to locate within the C-3 zoning district. The noise and traffic around car wash facilities are not compatible with residential uses.

Recommendation: Planning Commission and staff respectfully recommend approval of the proposed C-3/SR 305 Commercial Code Amendments.

7.0 City Council Public Hearing, June 26, 2024

The City Council Public Hearing is scheduled for **Wednesday, June 26, 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 Poulsbo City Hall Council Chambers, 200 NE Moe Street, Poulsbo, 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@cityofpoulsbo.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. C-3/SR 305 Commercial Code Amendments
- B. Ordinance 2023-13
- 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
- G. Public Comments