



City of Poulsbo Planning Commission

City Hall – 200 NE Moe Street

The meeting will be held in a hybrid format. The public is welcome to call in or attend in-person at the city hall chambers.



Subject	Agenda	Date	12/13/2022
Recorder	Tiffany Simmons	Start Time	6:00pm
Committee Chair	Ray Stevens	Est. End Time	7:40pm
Committee Members	Jerry Block, Mark Kipps, Kate Nunes, Ray Taylor, Doug Newell, David Strickon		
Staff Present	Heather Wright, PED Director, Tiffany Simmons, PED Administrative Assistant, Nikole Coleman, Senior Planner,		
Phone and Meeting ID:	1 (253) 215 8782	810 2047 3350	
Zoom Link:	https://us06web.zoom.us/j/81020473350		

				Agenda	
Time	No.	Topic	Details		
6pm	1.	Call To Order			
6:00pm	2.	Pledge of Allegiance			
6:01pm	3	Modifications to the Agenda			
6:02pm	4.	Approval of Minutes: 09/27/2022			
6:03pm	5.	Comments from Citizens			
6:05pm	6.	Presentation of Projects for Consideration	Quasi-Judicial <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Economic Development Chapter, 2024 Comp Plan Amend – HW Religious Properties Density Bonus Discussion – HW	
7:30	7.	Director’s Report			
7:35 pm	8.	Commissioner Comments			
7:40 pm	9.	Adjournment (Automatic unless meeting is extended by majority vote)			

Projects reviewed by the Poulsbo Planning Commission include time for public comment during the agenda item. Workshops are designed for staff presentation and discussion with the Commission. Public comment will be taken during comments from citizens following the agenda item. The public has an opportunity to provide written and verbal testimony to the Planning Commission. A sign-up sheet for each project and workshop agenda item is available for those wishing to address the Planning Commission. All times listed on Agenda are Estimations and are subject to change.

The City of Poulsbo strives to provide accessible meetings for People with Disabilities. Please contact the Poulsbo Planning Department at (360) 394-9748 at least 48 hours prior to the meeting if accommodations are needed for this meeting.

WHEN APPLICABLE, IT IS REQUESTED THAT ATTENDEES LIMIT THE USE OF SCENTED PRODUCTS (PERFUME, COLOGNE, HAIR SPRAY, AFTER SHAVE, LOTION, FABRIC SOFTENER, ETC.). FRAGRANCES CAN BE TOXIC SUBSTANCES TO SOME PEOPLE, CAUSING RESPIRATORY OR NEUROLOGICAL DISABLING ALLERGIC REACTIONS. THIS REQUIREMENT IS CONSISTENT WITH THE AMERICAN WITH DISABILITIES ACT FOR A BARRIER-FREE ENVIRONMENT.

TO REQUEST AN ALTERNATIVE FORMAT OF THE PRINTED AGENDA, CONTACT THE CITY PLANNING DEPARTMENT AT 360.394.9748. PARA SOLICITAR UN FORMATO ATERNATIVE EL AVISO IMPRESO, LLAME AL DEPARTAMENTO CIUDAD ÁREA DE PLANEACIÓN EN 360.394.9748



City of Poulsbo
Joint Planning Commission and
City Council *Special Meeting*
 City Hall – 200 NE Moe Street



Subject	Meeting Minutes	Date	09/27/2022
Recorder	Tiffany Simmons	Start Time	6:00pm
Committee Chair	Ray Stevens	Est. End Time	7:35pm
Committee Members	Jerry Block, Mark Kipps, Kate Nunes, Ray Taylor, Doug Newell, David Strickon		
Council Members	Andrew Phillips, Connie Lord, Britt Livdahl, Jeff McGinty, Ed Stern, David Musgrove, Gary McVey		
Staff Present	Heather Wright, PED Director, Tiffany Simmons, PED Administrative Assistant, Nikole Coleman, Senior Planner, Karla Boughton, Special Projects Planner, Becky Erickson, Mayor		

		Agenda	
Time	No.	Topic	Details
6pm	1.	Call To Order	
6:00pm	2.	Pledge of Allegiance	
6:01pm	3	Modifications to the Agenda	Commissioner comments adjusted to Commission and Council comments.
6:02pm	4.	Approval of Minutes: 09/13/2022	Commissioner MK approved; Seconded by RT. Commissioner JB abstained. All other Aye's.
6:03pm	5.	Comments from Citizens	None.
6:05pm	6.	Presentation of Projects for Consideration	<p>Growth Strategy Presentation and Discussion – NC, HW, KB presented. Council Member ES asked how Oslo bay project helped the housing crisis, KB responded. Council Member GM asked to clarify that we could meet regulation with no additional changes, NC responded. ES asked if there is a contingency plan based on the R1 (Density Increases), NC and Mayor BE responded. ES asked if ADU's still require the primary owner lives on site and if that was removed how that might affect ADU usage, NC responded. Commissioner KN asked if ADU's are possible in new developments, NC responded. KN shared her desire to utilize this method. BE also spoke to this. Council Member JM asked how things like parking would be affected by this, KB responded. GM asked if there was a way to limit the duplex to an Owner and rental, NC responded. Council Member CL asked if we can focus duplex's in new</p>

Quasi-Judicial
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			Agenda	
Time	No.	Topic	Details	
			<p>developments, not existing developments, NC responded. ES asked if there was any thought to implementing small commercial in residential areas, NC responded.</p> <p>CL shared that incentivizing is the key to the growth we want to see but is also difficult, NC and BE responded. GM shared that it will be quite hard to incentivize small commercial in these areas.</p> <p>CL asked what vertical mixed-use might look like, NC responded.</p> <p>BE shared about empty parking lots in the city, using a visual example on screen, MK gave some additional feedback.</p> <p>ES asked how we plan to keep things flexible, KB responded.</p> <p>MK asked for thoughts on how to help update 305 to not be as much of a barrier, KB responded.</p> <p>Commissioner DM asked that the assumption could be made that the traffic will increase no matter what the situation when we must accommodate that many residents, NC responded.</p> <p>Around the Table:</p> <p>JM – Shared worries on all the things we might lose in providing incentives to get some of these things built.</p> <p>KN – Shared the desire for Mixed-use, smaller units, a variety of unit sizes and better transit.</p> <p>ES – Shared that middle/lower income housing should be preserved.</p> <p>CL – Shared that Strategy 1 is not proactive enough but there is a lot of unbuildable land but Viking has some useable land that might be a better mixed-use zone. Preserving mobile homes is a priority or consider incentivized zones for mobile homes.</p> <p>RS – Shared that lightening up the ADU code would be beneficial. Strategy 4 seems to be the end route no matter what. Employment predictions, do they include work from home in the numbers.</p> <p>DN – Shared that it is still important to incentivize small houses, despite Poulsbo Place issues. Strategy 4 is the end situation no matter what but how do we incentivize it properly while being valuable for the community and the developer. Change 305 to bring it to modern standards and needs.</p> <p>BE – Agreed that Strategy 4 is going to be where we end up at some point. Increasing density is a good factor and improving 305 is essential. Improve 305 so we don't lose our single-family areas.</p> <p>MK – Agreed that Strategy 4 is the end path so we should get in front of the incentives. The 305 corridor need</p>	

			Agenda	
Time	No.	Topic	Details	
				<p>improvements. Is it possible to request information from Developers and see what they want or how we can get what we want from them.</p> <p>GM – Shared support for Strategy 3 or 4, Strategy 1 would be a mistake, so in order to protect Poulsbo we need to allow growth in other areas. How much is enough, 1st floor residential in commercial zones, changing that back or limiting that may be beneficial. Is there a way to prevent commercial from being left unattended for long periods of time.</p> <p>BL – Agreed that Strategy 4 is the only feasible end goal. Home values are higher than projected, we have power in the incentives because people want to live here and there is limited space so we should keep requirements along with incentives.</p> <p>RT – Shared that Strategy 4 seems to be the route. Changes bring consequences so we should focus on the long range like rent increases and other impacts of preserving existing low-income housing. Pedestrian overpasses on 305 would be helpful.</p> <p>DS - Missing Middle housing is essential. Affordable housing would have to be rent monitored. 305 is just going to get more crowded so lets be careful.</p> <p>DM – Shared that there is a large amount of fixed income, so housing is challenging for renting and owning. Developers should provide better feedback on where to grow. ADU's are challenging in existing neighborhoods. We have time to really walk our way through this process with any Strategy being feasible. Missing Middle can be filled by older lower priced housing. We shouldn't limit ourselves to 305. Density increases are unavoidable. So all are viable but lets take the time to properly flesh out the process.</p> <p>JB – Agreed that the Mobile homes should be preserved. No one strategy stands out the most, the public and developers should be a big part of the evaluations.</p> <p>KB summarized feedback.</p> <p>CL wanted to reiterate the mobile home preservation or new mobile home parks.</p> <p>JM reiterated that we are lucky to have the demand for people to want to be here.</p> <p>HW closed out the conversation</p>
8:03 pm	7.	Commissioner and Council Comments		<p>RT suggested that we start thinking about electric charging for new developments Multi or Single Family, NC responded.</p> <p>GM shared with commissioners that the streateries permissions end at the end of the year and they would</p>

			Agenda
Time	No.	Topic	Details
			love to hear their opinions via email. BE shared her thanks to the Planning Commission.
8:06pm	8.	Adjournment 8:06pm	

Summary: Minutes were approved.

Ray Stevens, Planning Commission Chairman

Positive Business Climate

GOAL ED-1

Nurture an economic climate that will attract and retain businesses, and assist in their development, expansion and success.

Policy ED-1.1

Promote and maintain a business climate ~~that supports the retention that is supportive to all businesses, including those that are small, minority and woman owned. and expansion of the city's economic base.~~ {to address PSRC Vision 2050 consistency checklist}

Policy ED-1.2

Support the retention and expansion of existing ~~firms by promoting~~ local businesses ~~and by promoting~~ locally produced goods and services {focus to local businesses rather than firms to reflect the growing amount of locally produced goods}

Policy ED-1.3

Proactively recruit new businesses to locate in the City of Poulsbo, promote environmentally responsible business practices and attract businesses that promote environmental sustainability. ~~Examples of proactive recruitment activities include development of marketing and promotional printed and digital materials, and staffing for implementation activities.~~ {to address PSRC Vision 2050 consistency checklist}

Policy ED-1.46 (formally 1.6)

Foster a culture of creativity, entrepreneurship and innovation which helps promote job growth and new business creation, including artisanal and small-scale producers, including craft food and beverages. {to respond to the increase in small scale craft food and beverages; i.e. Oxalis kitchen, Echoes, Armenian kitchen, etc}

Policy ED-1.57 (formally 1.7)

Encourage infill and redevelopment of existing or underutilized commercial and light-industrial areas, while striving to maintain a jobs/housing balance. {to address PSRC Vision 2050 consistency checklist}

NEW Policy ED-1.6

Consider amending design and development standards that respond to the changing needs and support the growth of the city's four commercial districts; Colleege Market Place, Viking Avenue, Downtown/Front Street, and SR 305. {To match our development regulations and zoning designations which provide specific design and development

standards depending on the zoning district while acknowledging each district provides different functions}.

Policy ED-1.4-7 (formally 1.4)

Facilitate the collection, analysis and dissemination of information that promotes existing and new economic activity.

Policy ED-1.5 8 (formally 1.5)

Facilitate efforts of businesses and institutions to train workers, and support and advocate continuing education for Poulsbo's business community.

Policy ED-1.89 (formally 1.8)

In developing and implementing City policies and programs, ~~decision-makers should take into consideration~~ the effects on business, and the economic benefit to the community should be considered. {wording change}

Policy ED-1.910 (formally 1.9)

The City Council shall consider and weigh the impacts of the city's policies regarding taxes, fees and utility rates on Poulsbo's economic development goals, while recognizing the balance between economic development, the maintenance of high-quality services, and the financial health of city government.

Education and Workforce Development

GOAL ED-2

Commit to academics, affordable educational options, career training and lifelong learning.

Policy ED-2.1

Encourage expansion of the OC/WWU presence in Poulsbo and the "college town," distinction by supporting:

- *Remote learning;*
- *Running start program;*
- *SEA Discovery Center;*
- *Branding of the campus throughout the city limits;*
- *Increased 4-year degree programs;*
- *Increased facilities to be more campus-like and less satellite-college;*
- *Increased community-oriented classes and lectures;*
- *Provision of dorms/student housing;*
- *Provision of student union/recreation center;*
- *Improved nightlife, entertainment and evening activities; and*
- *Provision of student jobs. {to respond to interviews with OC/WWU}*

Policy ED-2.2

Continue to support the provision of high-quality primary and secondary education by the North Kitsap School District and private schools.

Policy ED-2.3

Support a commitment to lifelong learning which drives innovation, strengthens and diversifies existing workforce, and attracts talented new workers.

Policy ED-2.4

Partner with educational institutions to maximize resources and improve the quality of life for both city residents and students. Support and collaborate with Olympic College, Western Washington University, North Kitsap School District, and other education institutions to:

- *Maintain and enhance the quality of education at all grade levels;*
- *Maintain and expand the programs of the Olympic College and Western Washington Poulsbo campus;*
- *Encourage the development of programs that meet the changing needs of employers and employees; and*
- *Encourage educational institutions, governments, and businesses to provide opportunities for youth to see and experience a variety of employment and business opportunities.*

NEW Policy ED 2.5

Continue to provide internships and other job training opportunities in Poulsbo government. {to respond to interviews with OC/WWU}

Planning and Infrastructure

GOAL ED-3

Provide a sufficient amount of land for commercial, light industrial, and business uses, the infrastructure and public facilities necessary to support economic growth, and an efficient and timely permit process.

Policy ED-3.1

Maintain an adequate supply of developable employment lands (commercial, light industrial, office commercial industrial, and business park) to accommodate the forecasted growth and accomplish the City's economic development goals, while factoring in the changing needs due to a growing remote work force. {to acknowledge remote work and the role it may play in our commercial capacity analysis}

NEW Policy ED-3.2

Promote economically viable neighborhood commercial that can foster small business enterprises, entrepreneurship and reduce vehicle miles while encouraging walking and cycling. {to encourage and consider requiring the potential for pocket commercial development in existing and new neighborhoods}

NEW POLICY ED-3.3

Determine and pursue the appropriate center designation(s) for the city, as designed and set forth in Puget Sound Regional Council's adopted and updated Regional Centers Framework (March 2018) and the Kitsap County Countywide Planning Policies (CPP's). {to reflect the upcoming discussion on the appropriate center designation(s) for the city}

Policy ED-3.34 (formally 3.3)

Monitor Poulsbo's light industrial and commercial land availability annually and through the recurring Buildable Lands Report(s) process, as designed and set forth by RCW 36.70A.215.

Policy ED-3.25 (formally 3.2)

Review land use regulations, and development standards to ensure that vacant or underutilized employment lands can be used as efficiently as possible. Identify and remove barriers to redevelop underutilized and/or vacant land and buildings, while providing flexibility and incentives as appropriate. {to reflect the flex space ordinance and flexibility that may be offered through a historic preservation ordinance}

Policy ED-3.76 (formally 3.7)

Maintain an efficient, timely, predictable and customer-focused permit process, conducted in a manner that integrates multiple city departments into a coordinated entity.

NEW Policy ED 3.7

Continually explore efficiencies in permit reviews by harnessing appropriate technologies. {to maintain efficiencies using merging technologies to meet statutory review timelines}

Policy ED-3.8

Enforce development regulations in a consistent, objective manner.

Policy ED-3.69 (formally 3.6)

Encourage and support the development of technology and telecommunications infrastructure citywide.

Policy ED 3.4

~~Continue to provide adequate and efficient community infrastructure such as roads, water, sewer, storm water management, parks and recreation, and other public facilities and services.~~ {covered in other elements in other chapters}

Policy ED-3.5 10 (formally 3.5)

Continue to plan, identify, construct and maintain public infrastructure systems and capital facilities required to manage a positive economic climate. Anticipate needs and coordinate City infrastructure investments with economic development opportunities. {intended to reflect portions of previous ED 3.4 and 3.10}

~~**Policy ED-3.9**~~

~~Ensure the City's commercial and employment zoning districts provide suitable areas and uses that support the employment needs of the community and provide a variety of siting opportunities. {redundant with Policy ED 3.1}~~

~~**Policy ED-3.10**~~

~~Provide public services and capital facilities necessary to support the City's planned urban growth at its adopted levels of service. Implement level of service standards which are consistent with economic development goals and policies. {covered in other elements in other chapters}~~

Economic Development Implementation

GOAL ED-4

Encourage an economic development strategy that is flexible and nimble, able to respond quickly to market changes and climate.

Policy ED-4.1

Encourage an environment supportive of entrepreneurial activities, evolving business models and emerging work forces.

Policy ED-4.2

Accommodate a mix of jobs, while actively seeking a greater proportion of family wage jobs that will benefit a broad cross-section of Poulso residents.

Policy ED-4.83 (formally 4.8)

Continue to support development of flexible workspaces where people with shared interests can meet, collaborate and develop their business ideas and products. {to reflect the existence of Vibe Coworks}

Policy ED-4.34 (formally 4.3)

Consider the use of organization and financial tools or investment, including public-private partnerships where appropriate, to catalyze or leverage private sector and other resources, to accomplish Poulso's economic development goals.

Policy ED-4.4.5 (formally 4.4)

Encourage economic development through a mix of incentives, economic and planning data, business assistance services, and strategic investments that support the City's adopted plans.

Policy ED- 4.5.6 (formally 4.5)

Seek grant opportunities or other funding sources for the City to develop an Economic Strategic Plan to consider the opportunities and challenges citywide of a healthy economic climate, retention and expansion of existing businesses and successful recruitment of new businesses.

Policy ED-4.6.7 (formally 4.6)

Support the Kitsap Public Utility District efforts to install telecommunication infrastructure, especially high-capacity fiber optic cable.

Policy ED-4.7.8 (formally 4.7)

Monitor trends in telecommunication and technology, ensuring that new infrastructure will be in place or available for ~~the~~ future businesses.

Partnerships

GOAL ED-5

Foster partnerships with local businesses, civic clubs and government agencies to build upon and expand Poulsbo's economic base.

Policy ED-5.1

Continue to participate with and support the Kitsap Economic Development Alliance as a primary resource to provide advice and data on economic development issues, the potential for retaining and expanding existing industries, including industry clusters, and attracting new job opportunities. {to address PSRC Vision 2050 consistency checklist}

Policy ED-5.2

Continue to partner with the Chamber of Commerce and Historic Downtown Poulsbo Association and other organizations to promote and market the city's retail districts. Assist the Chamber and Downtown ~~M~~erchants in development of community marketing materials.

Policy ED-5.3

Cooperate with Kitsap County, state agencies, and the private sector, to ensure that public improvements necessitated by new private development are funded equitably.

Policy ED-5.4

Continue working with the Port of Poulsbo to provide and promote Poulsbo as a destination for the boating community, and to assist the Port where feasible, to improve their facilities including additional parking for port use.

Policy ED-5.5

~~The City Council's Economic Development Committee shall~~ continue to work to build these partnerships, support the Poulsbo business community, and identify programs and policies to enhance and build Poulsbo's economic diversity. *{to reflect elimination of committee structure}*

Policy ED-5.6

Encourage public and not for profit organizations to enter into partnership arrangements with private business interest to facilitate economic development projects that would not otherwise occur without cooperation of both the public and private sector.

NEW ED-7

Facilitate the collection, analysis and dissemination of information that contributes to economic activity, anticipates issues and identifies early action to avoid decline in the city's commercial areas. {to reflect the role of the economic development arm of the planning and economic development department}

Livability and Economic Vitality

GOAL ED-6

Continue to support and invest in the quality of life attributes that provides Poulsbo with a competitive advantage in attracting business interests.

Policy ED-6.1

Recognize the economic benefits of city and private sector investments in urban amenities like arts and culture, open space and recreational facilities, and high-quality urban design. Strengthen the City's assets in these areas as an explicit component of the City's economic development strategy.

NEW Policy ED-6.2

Promote and encourage public art that supports Poulsbo's culturally, ethnically diverse communities, institutions and Native Tribes {to address PSRC Vision 2050 consistency checklist, specific to the arts}.

Policy ED-6.2 3 (formally 6.2)

Maintain development standards that ensure high quality design and urban amenities for public and private development.

Policy ED-6.3 4 (formally 6.3)

Provide a range of housing options to accommodate Poulsbo's diverse workforce, while striving to reach a jobs/housing balance. {to reflect the desire to maintain job/housing balance as highlighted during our population and employment target discussions}

~~**Policy ED-6.4**~~

~~Support efforts that promotes tourism, hotel, retail and arts businesses.~~ {moved to Policy 7.5 below}

~~**Policy ED-6.5**~~

~~Facilitate the redevelopment and re-invigoration of older commercial areas. Work with property owners and stakeholders to transform such areas into dynamic retail/mixed use commercial areas that also provide a gathering place.~~ {redundant to Policy 3.2}

Policy ED-6.6 5 (formally 6.6)

Maintain and implement programs specifically designed to improve Poulsbo's community appearance (i.e. graffiti, litter, weed abatement, property maintenance.)

~~**Policy ED-6.7**~~

~~Encourage and support community, entertainment and evening activities throughout the commercial areas of the city, to broaden the community's choices of things to do after dark.~~ {moved to NEW GOAL 7.6 and slightly reworded to reflect City Council's terminology during recent discussions (November 9 & 16, 2022)}

NEW Goal ED-7

Foster Poulsbo's recreation and tourism-based economy

NEW Policy ED 7.1

Accelerate downtown Poulsbo's emergence as a tourist destination by promoting the efforts of the Port of Poulsbo, Visit Kitsap, the Chamber of Commerce and Historic Downtown Poulsbo Association.

NEW Policy ED -7.2

Promote the development of walking, bicycling, boating and kayaking tours that include as destinations downtown Poulsbo, its various museums, urban trails and art. {to reflect interviews with Historic Museum, HDPa and the Chamber}

NEW Policy ED-7.3

Collaborate with downtown businesses, the Port of Poulsbo and civic organizations to support Poulsbo as an emerging cruise destination. {based on interviews}

NEW Policy ED-7.4

Encourage bed and breakfasts and other creative tourist attractions while monitoring the short-term rentals and gauge their impact on the community. {to reflect the communities concern over short term rentals while encouraging tourism within the commercial districts and expanding options based on increased demand for overnight stays}

Policy ED-7.5 (derived from previous 6.7)

Encourage and support community, entertainment and evening activities throughout the commercial areas of the city, to ~~broaden the community's choices of things to do after dark~~ support a nightlife economy. {to reflect the City Council's terminology during recent discussions (November 9 & 16, 2022) }

Economy

The plan includes an **economic development element (Ec-Action-5)** that promotes a **prospering and sustainable economy** by supporting **businesses and job creation and investing in all people**.

Policies and programs should:

Promote a prosperous and sustainable economy for all people	Page/Policy Reference
✓ Identify and enhance industry clusters, including those recognized in the Regional Economic Strategy that provide goods and services for export (MPP-Ec-3, Ec-4)	ED 5.1
✓ Focus retention and recruitment efforts and activities to foster a positive business climate and diversify employment opportunities by specifically targeting: <ul style="list-style-type: none"> • Businesses that provide living wage jobs (ED 6.3) ⊖ Locally, women-, and minority-owned small businesses and start-up <u>companies</u> - Added to ED 1.1 ⊖ Established and emerging industries, technologies, and services that promote environmental sustainability, especially those addressing climate change and resilience (MPP-Ec-1, Ec-3, Ec-4, Ec-7, Ec-9, Ec-16) – Added to ED 1.3 	
⊖ Promote strategies and policies that expand access to opportunity and remove barriers for economically disconnected communities (MPP-Ec-13-14) – NEW ED -3 (2nd one)	Could say that ED-3, ED -4 & ED - 5 address this.
⊖ Address and prevent potential physical, economic, and cultural displacement of existing businesses that may result from redevelopment and market pressure (MPP-Ec-12) (ED 1.2, 1.4, 4.5, 5.1)	
✓ Develop a range of employment opportunities to create a closer balance between jobs and housing (MPP-Ec-18)	ED 1.7
⊖ Promote environmental and socially responsible business practices, especially those addressing climate change, resilience, and improved health outcomes (MPP-Ec-8, Ec-16)	Added to Policy ED 1.3
⊖ Support, recognize, and empower the contributions of the region's culturally and ethnically diverse communities, institutions, and Native Tribes (MPP-Ec-15, Ec-17, Ec-20)	Limited focus to the 'arts' and added NEW ED-6

Additional comments on Economic Development or additional documents to share [optional]: _____

City of Poulsbo

Planning & Economic Development



To: Planning Commission
From: Heather Wright, AICP, Director of Planning and Community Development &
Amanda Negi, Community Planner
Date: December 5, 2022
RE: Religious Properties Density Bonus Ordinance

A. Background

Washington State Legislature enacted *State House Bill (SHB) 1377* in 2019, which is implemented by state law provision [RCW 36.70A.545](#). *RCW 36.70A.545* mandates that cities provide density bonuses to affordable housing projects located on property owned or controlled by religious organizations, provided that developments adhere to local land use, environmental standards, and regulations, and serve local needs. The basic tenets of the law are as follows:

- Affordable housing developments (comprised of either single family or multifamily residential dwelling units) must be exclusively designated for low-income households for a minimum of 50 years regardless of changes in property ownership. For this law, low-income households are defined as having income less than 80% AMI (Area Median Income) based on the respective county in which the development is located.
- Sales price and/or rental amounts may not exceed 30% of the income limit for the unit.
- Properties need not be where the religious institution is physically located.
- Religious organizations must pay all fees, mitigation costs, and any other charges related to the development.
- If applicable, the institutions should work with local transit authorities to ensure appropriate services are made available to residents.

Incentivizing affordable housing on religious properties in Poulsbo through a density bonus ordinance may have the following community impacts:

- Religious organizations often have underutilized real estate and amenities, such as parking, building structures and offices, that can be repurposed to address Poulsbo's affordable housing needs. Providing housing to vulnerable and cost-burdened community members is often a natural extension of the outreach and mission programming that religious organizations already provide.
- Increasing a project's density can strengthen the financial feasibility of affordable housing projects for project applicants and developers, making it far more likely that projects move from the vision and idea stage to construction and completion.
- Responding proactively to bring PMC into accordance with *RCW 36.70A.545* and develop a specific vision for the impact of this ordinance in Poulsbo will increase clarity and efficiency for all stakeholders and city staff throughout the entire project review process.

B. Housing Action Plan and Implementation

Despite limited land and rising construction costs that have reduced the availability of diverse housing choices within Poulsbo, the Planning and Economic Development (PED) department has demonstrated commitment to proactively exploring and addressing affordable housing challenges and opportunities. In 2019, the PED department sought and received a Housing Action Plan (HAP) grant from the Washington State Department of Commerce to create Poulsbo's [Housing Action Plan \(HAP\)](#), which City Council adopted in December 2021 (Resolution 2021-13). The HAP identifies multiple Housing Objectives and Strategies that would be supported by a religious properties density bonus ordinance, the most relevant of which are highlighted below:

- Housing Objectives:
 - “Promote new market-rate and affordable housing construction that expands housing choices.”
 - “Encourage homeownership opportunities and support equitable housing outcomes.”
 - “Partner with housing educators, providers, non-profit organizations and faith-based to find equitable housing solutions.”
- Housing Strategies:
 - “Identify opportunities to provide financial incentives and/or fee waivers to support affordable housing.”
 - “Partner with faith-based, non-profit and government housing programs that produce affordable housing stock.”
 - “Support the needs of an aging population.”
 - “Encourage the development of multifamily housing.”

As part of these interdependent objectives and strategies, the city began to explore what actions could be taken to influence the housing market through adopting and updating development regulations (e.g. zoning and design standards) and by utilizing and updating development incentives (e.g. density bonuses and streamlined permitting). In 2022, as part of this process, the PED department sought and received a **Housing Action Plan and Implementation (HAPI) grant** from the Department of Commerce to facilitate and implement HAP objectives and strategies. It became clear that there was a significant opportunity to address *RCW 36.70A.545* by pursuing a religious properties density bonus ordinance through the HAPI grant. Specifically, [HAPI Grant Objective 2](#) is to “Develop a program to encourage the development of affordable housing on property owned by religious organizations.”

C. Ordinance Development Process

RCW 36.70A.545 gives municipalities flexibility to incentivize the affordable housing development projects according to their specific needs. As the law does not specify the amount of density bonus nor in which zones such a bonus must be undertaken, Poulsbo is able to craft an ordinance that best suits our community needs and character and is both responsive to the present and intelligently anticipates the future. The information below outlines the steps taken to bring forth the proposed draft ordinance:

1. Research jurisdictions that have implemented RCW 36.70A.545 and draft and discuss a white paper (June 2022)

Though still a relatively new ordinance, PED department research shows that between 2020 and July 2022, the following seven (7) municipalities were in various stages of crafting their response to *RCW 36.70A.545*: Bainbridge Island, Bellevue, Bremerton, Kenmore, Seattle, Vancouver, and Wenatchee. Although each jurisdiction approached the topic in unique ways that fit the context of their municipality and housing needs, the following common themes emerged:

- The majority matched state law by keeping income restrictions at or below 80% AMI.
- The majority provided a density bonus dependent on underlying or adjacent zoning districts.
- Multiple jurisdictions expanded applicant category beyond religious institutions.
- Multiple jurisdictions codified changes to development and design standards and review, such as streamlined permit review processes, adjusted parking requirements, and/or increased variety of allowed housing types.

2. Identify and map properties owned by religious organizations (July 2022)

Within Poulsbo city limits, ten (10) properties have been identified that would be subject to this ordinance. They represent a total of 44 acres, with individual parcels ranging in size from 1.68 to 9.34 acres. Nine (9) properties are zoned Residential Low (RL), with one (1) property zoned as C-3 SR 305 Corridor. A list of religious institutions and their addresses are included below:

Religious Institution Name	Address	Zoning	Size (acres)
<i>Faith Episcopal Church</i> ¹	20295 Little Valley Rd.	C-3	2.16
<i>Gateway Fellowship</i>	18901 8 th Ave. NE	RL	9.34
<i>Liberty Bay Presbyterian Church</i>	18561 Hwy 305 NE; 18561 9 th Ave. NE	RL	1.68
<i>North Kitsap Baptist Church</i>	20516 Little Valley Rd. NE	RL	4.77
<i>North Point Church</i>	1779 NE Hostmark St.	RL	4.42
<i>Poulsbo Community Church</i>	651; 751 NW Finn Hill Rd.	RL	4.46; 0.55
<i>Poulsbo First Lutheran Church</i>	18920 4 th Ave. NE	RL	3.34
<i>Poulsbo Seventh-day Adventist Church</i>	1700 NE Lincoln Rd.	RL	4.28
<i>St. Olaf Parish</i>	18943 Caldart Ave. NE.	RL	5
<i>The Church of Jesus Christ of Latter-day Saints</i>	2138 NE Mesford Rd.	RL	4.14

¹ Due to potential future reconsideration of development regulations along the 305 Corridor as part of a corridor market study, PED staff advises against any changes to permitted developmental regulations for commercial zoned properties at this time.

As part of the research and review process, multiple maps were created to aid in considering the ordinance opportunity on a city-wide scale. One map detailed the proximity of parcels to Kitsap Transit bus stops, which showed that all but one parcel was within a ¼ mile transit radius. This is valuable for it highlights transit accessibility, a desired component of *RCW 36.70A.545*. The second map detailed

the proximity of parcels to Commercial Zones 1, 2, and 3 and proximity to the Residential High Zone. The majority of parcels lay either adjacent to or across from one or both of the higher density zones, which is helpful for deciding density bonus thresholds amidst neighborhood context across the city. For reference, maps are included as attachments.

3. Perform density calculations for all the properties owned by the religious organizations (July 2022)

Density calculations following the Buildable Lands Report (BLR) methodology showed that under current zoning regulations, the ten (10) parcels can provide a combined total of 233 market rate housing units over 44 acres, with allowed maximum units on individual parcels ranging from eight (8) to 47. This information served as a baseline to determine what type of density bonus might be appropriate for parcels in each respective zone.

4. Coordinate a meeting with religious organizations and other relevant stakeholders (September 2022)

On September 16th, 2022 members of the PED Department and Mayor Becky Erickson met with representatives from the religious institutions and other relevant stakeholders. At the meeting, they discussed Poulsbo's affordable housing needs, introduced elements of the proposed ordinance and gauged interest regarding the proposed ordinance to build affordable housing.

5. Identify needed Poulsbo Municipal Code (PMC) amendments to bring development standards into consistency with RCW 35A.63.300 (October 2022)

Staff built upon the research from other jurisdictions, input from the religious community and internal discussions with staff and the Mayor to determine a density level and other development exceptions that would foster the development of affordable housing, while maintaining consistency with existing growth patterns.

D. Proposed Ordinance

The ordinance is proposing a new section under the Chapter 18.310 Exceptions titled "Exceptions for religious organizations". The following are proposed elements of the new PMC section:

1. Minimum Density Change

- a. Projects will no longer be subject to a minimum density (4 units/acre), the goal of which is to facilitate construction of affordable units, no matter how small the proposal. For example, a one-acre RL zoned property owned by a religious organization could not currently build one market rate unit but would have to build or plan for a minimum of four units.

2. Density Bonus Based on Existing Density in the Next Highest Zoning Designation

- a. Projects proposed on parcels zoned Residential Low (RL) are eligible for a density bonus that increases a parcel's maximum allowed units/acre to the Residential Medium (RM) maximum density of 10 units/acre.
- b. For example, a parcel zoned RL would be allowed to adjust the number of units from the existing range of 4-5 units/acre to a range of 1-5 market rate units/acre or six (6) to ten (10) affordable units at 80% AMI/acre as affordable. With this bonus, a one acre, RL zoned parcel could potentially build five (5) market rate and five (5) affordable units for a total not to exceed ten (10) units.

3. Increased Density Bonus for Lower AMI Level Units
 - a. Projects proposed on parcels zoned RL with units designated for households in which adjusted income is between 0-50% AMI are eligible for an increased density bonus.
 - b. The maximum bonus would be consistent with the Residential High maximum density of 14 units/acre. For example, a parcel with units for residents in the 0-50% AMI category would be allowed to increase buildable units from a range of 1-10 units/acre to a range of 1-14 units/acre.
 - c. For example, a one acre parcel zoned RL would be permitted to build a maximum of five (5) market rate units, five (5) units at or below 80% affordable, and four (4) units at or below 50% AMI for a total not to exceed 14 units.
 - d. This change is proposed due to the research available on housing and cost burdened residents of Pousbo as part of the Housing Action Plan (HAP). 42.5% of elderly people living alone are in 0-50% AMI category. By far, elderly residents living alone formed the largest percentage of extremely low-income and very low-income residents.
 - e. The percentage of elderly residents is growing, and in the next 10 years, approximately 40% of Pousbo's population will be over 60 years old. With a significant elderly population that continues to grow, many of whom are cost-burdened, this ordinance could support elderly residents with a housing option to match their financial situation.
4. Level of Affordability for the Base Bonus Units
 - a. Like most jurisdictions that adopted a density bonus for religious properties, the current proposal is to match state law by keeping income restrictions at or below 80% AMI for the base density bonus.
5. Limit on Amount of Attached Multifamily Units
 - a. The ordinance proposes that attached multifamily units do not exceed fourplexes; further, the units will only be permitted if the attached units are clustered, located within the interior of the project, and are single-family in appearance. Historically, attached units have been more affordable to construct. However, the planning commission may wish to consider an increase on the number of attached units to encourage the construction of affordable housing.
6. Setbacks
 - a. Setbacks are proposed to be increased as per the setback standards in the [RM and RH zoning districts](#) to be consistent with the intensity of use that will be allowed in the RL zone.
7. Parking
 - a. The required amount of parking spaces is proposed to be limited to one (1) space per unit due to the existing parking facilities on properties owned by religious institutions that may likely be more than adequate to accommodate potential additional development.
8. Review process
 - a. Projects would be classified as Type II and would require a Site Plan Review while including a recommendation from the Planning Commission. The planning director is the decision-making authority and appeals would be heard by the Hearing Examiner.
9. Nonsubstantive Changes:

To ensure consistency with this new section of code and other sections of the code, staff is proposing to amend the Civic Uses and the use table for R-L as described below.

- a. Poulsbo Municipal Code Section [18.50.020 E Civic Use Types](#)
Affordable housing development was added as a permitted use on property where permanent places of worship are located.
- b. Poulsbo Municipal Code Section [18.70.030 B Table](#), Residential District Uses
Multifamily dwelling unit developments proposed on property owned by religious institutions will be allowed as a Permitted Use.
- c. New definition, Religious Organization
To match the statute, a religious organization definition is proposed to be added.

E. Attorney Input on Religious Property Density Bonus and Impact on Ability to Construct Market Rate Units

Recent discussions with our attorney indicate that the religious properties bonus density provision applies to the structure; meaning if an existing or proposed structure is proposed to contain the bonus density units, then all the units in the structure would need to be affordable.

Staff believes that maintaining the ability to construct market rate units may be the catalyst for the development of affordable housing and that by requiring a structure to provide all affordable without the benefit of the market rate may act as a deterrent. Furthermore, having to construct two buildings to provide for market rate and affordable segregates the community while also driving up construction costs compared to an integrated development and/or building.

Therefore, staff wants to gauge the Planning Commission preference for properties owned by religious organizations to provide market rate and affordable units and the amount of density bonus before returning with a draft ordinance. Based on the planning commissions responses, the ordinance may be used to support SHB 1377 or to provide a density bonus for faith-based organizations to encourage the city's affordable housing stock, independent of SHB 1377.

F. Questions for the Planning Commission

1. Do you support a density bonus for affordable housing specific to properties owned by a religious organization?
2. Do you support the proposed **base** density bonus for units at or below 80% AMI?
 - Staff proposes that RL increases from a maximum of 5 to 10 units/acre
3. Do you support an **increased** density bonus for units at or below 0 – 50% AMI?
 - Staff proposed that RL increases from a maximum of 5 to 14 units/acre.
4. Do you support allowing the construction of market rate and affordable versus only allowing the bonus units if all the units are affordable?
 - If yes, do you support the market rate range staying as is (RL 4 to 5 units/acre)?

- If yes, do you support that the minimum density be lowered? (RL from a minimum of 4 to 1/unit).
5. Do you want to put a limit on the number of units that can be attached?
Staff proposes that attached multifamily units do not exceed fourplexes; further, the units will only be permitted if the attached units are clustered, located within the interior of the project, and are single-family in appearance.
 6. Do you want the setbacks for multifamily developments to change to match RM & RH zoning?

Front setback maintained at 20'.
Side setback increases from 5' with a combined total of 15' to 10' for multifamily and 20' when abutting RL, plus an additional 6" for each foot over 25'.
Rear setback is maintained at 20'.
 7. Do you support reducing parking requirements?

Parking shall be provided at one space per dwelling unit, with guest parking provided at one guest space per every four parking spaces.
 8. Do you support the planning commission providing a recommendation to the director?
 9. Do you support the director being the final decision maker?