



Land Use & Environment Committee

Creative District Development Code Amendments and Downtown Strategy Alignment

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Title

Creative District Development Code Amendments and Downtown Strategy Alignment

Recommended Action

Committee Recommendation:

Move to recommend that staff develop code amendments for consideration by the Planning Commission, to better align downtown development regulations with the goals and intentions of the Comprehensive Plan and Downtown Strategy for the Creative District.

City Manager Recommendation:

Move to recommend development of Creative District code amendments for Planning Commission consideration.

Report

Issue:

Whether to explore amendments to code that better align current development regulations for the Creative District with the goals of the Comprehensive Plan and the Downtown Strategy, including discussion of the appropriate scope of those amendments.

Staff Contact:

Marygrace Goddu, Historic Preservation Officer and ArCH Coordinator, Community Planning & Development, 360.480.0923

Presenter(s):

Marygrace Goddu, Historic Preservation Officer and ArCH Coordinator, Community Planning & Development

Leonard Bauer, Director, Community Planning & Development

Background and Analysis:

Staff are exploring ways that our development regulations can better support the creative economy in our Downtown, particularly in the Creative District. The Creative District was drawn in 2018 to encompass the Artisan Tech District and the Entertainment Districts identified as character areas in the Downtown Strategy (DS).

The DS recommended actions to update zoning and development standards to explicitly identify desired uses consistent with the composition of the Artisan Tech District as *“a setting for light industrial, fabrication, food production, technical shops and related activities”* (DS p 13), and to encourage *“light industrial uses, such as artisan manufacturing/studios and microbreweries, distilleries and wineries.”*

The DS also addressed the potential scoping of these changes: *“While these uses might fit throughout Downtown, the City may want to consider limiting these or subsets of these uses to the Art/Tech area, primarily to contain potential impacts, such as aroma. In addition, or perhaps as an alternative measure, the City may want to focus adaptive reuse incentives to encourage these types of uses within this area.”* (DS p 20).

Under current zoning restrictions, “Light Industrial” uses are permitted in the Urban Waterfront (UW) areas of the Creative District that are east of Washington Street, conditionally permitted west of Washington Street, and not permitted in the Downtown Business (DB) zoned areas of the district.

Code Revisions Under Consideration

This Committee discussion will focus on potential amendments to the City development code to align goals and intentions with city planning documents. Options include:

- ▶ Define a new use category for “Creative Enterprise”
 - *Offer a broad definition for “Creative Enterprise” that describes a class of activity and places emphasis on controlling undesirable impacts.*
 - *Include parameters for “local” creative enterprise*
 - *Amend the permissible uses chart in code, add “Creative Enterprise” to definitions in zoning code (OMC 18.02)*

Adding a new use category is preferred to amending the current OMC definition of “Light Industrial” which includes uses such as storage, and fleet maintenance, that are not a good fit for the Creative District or DB Zone. Staff continue to gather input toward developing a clear and broad, but enforceable, use description.

- ▶ Align the intent sections of the UW and DB zoning districts to more closely reflect the goals and intentions of the Downtown Strategy
 - *Describe the intention of Creative District as a character area that encompasses the Artisan Tech and Entertainment areas of the Downtown Strategy.*
 - *Express the economic, social, and quality of life goals that are fostered by creative enterprise.*
 - *State desire to allow Creative Enterprise uses in DB and UW zones, subject to the limitations in OMC 18.06.020:*
 - *To protect commercial and adjacent areas from excessive noise, illumination, unsightliness, odor, smoke, and other objectionable influences.*
- ▶ Permit “Creative Enterprise” in specific areas. Scoping options include:
 - *UW and DB areas within the Creative District (staff recommendation)*
 - *In all DB and UW areas*
 - *In DB, UW and other commercial areas of Olympia.*

Other Development Standards

Some elements that create financial challenges to rehabilitation and adaptive re-use include “change of use” triggers for infrastructure and frontage improvements, thresholds for code-required improvements, and fire safety requirements. The Building Official and City Engineer’s authority and flexibility to allow deviations on a case-by-case in these areas is being explored. Consistency and compliance with life safety codes are priority concerns.

- ▶ Utilize existing regulatory flexibility to encourage locating creative enterprise uses in existing and historic buildings. This work to explore ways to lower financial barriers and incentivize renovation continues in concert with similar efforts to support affordable housing.
 - *Explore scale-able “Change of Use” regulations that more selectively trigger frontage & infrastructure improvements*
 - *Utilize authority for deviations from Engineering Design and Development Standards (EDDS)*
 - *Clarify where Building Official and City Engineer have authority to offer flexibility for adaptive re-use specifically for creative enterprises, and for rehabilitation of historic buildings*
 - *Examine fire safety options to sprinkler installation - when is this possible, and how to assess*

Additional ideas for exploration

Alternative approaches to funding needed improvements:

- Expand “Fee in lieu of” applicability, or provisions for payment of frontage improvements
- Allow property owners to defer improvements for a period of time with a bond (for ex., for 2 years), to allow business to get established and save up to make improvements.
- Create a use category similar to “temporary use” (90 days) but longer-term, such as one year, during which impacts of a new use can be assessed. Continued use conditions and necessary upgrades can then be established in an informed manner.
- Tax Increment Financing, as approved during the 2021 legislative session.

Incentives for adaptive re-use and for highlighting publicly visible creative enterprise in Olympia, especially in the Creative District.

- City tax exemptions for rehabilitation of designated historic properties.
- Measures to ensure that incentives to property owners translate into benefits for creative enterprise tenants (i.e., affordability).
- Amend definition of “Retail Sales” so that related repair, manufacture or processing is not required to be “limited to rear or upper floor areas” of a building.
- Amend “public use area” to include *indoor areas* set aside for public engagement through educational amenities and/or visual access to work in progress.
- Encourage inclusion of “public use areas” (as amended) for creative and light industrial uses.

Neighborhood/Community Interests (if known):

The Downtown Neighborhood Association and Olympia Downtown Association are the two neighborhood associations in the Downtown area. There is significant citywide interest and previous engagement in planning efforts focused on the Downtown.

Options:

1. Direct staff to develop strategies and proposed code amendments for consideration and

recommendation by the Planning Commission.

2. Direct staff not to continue work on this issue at this time.

Financial Impact:

None at this time. Staff work on potential code revisions is within adopted City budget. Some of the options discussed in this staff report may have additional fiscal impacts, which will be identified as part of further analysis.

Attachments:

Downtown Character Areas

Creative District

Creative and Historic Districts with Zoning