



# LAND USE

## A THRIVING MULTIFUNCTIONAL URBAN CENTER

### INTRODUCTION

Downtown Olympia is the urban hub of Thurston County. It is important that Downtown achieve a greater concentration and mix of uses in order to support transit, the efficient use of land and infrastructure, and a vibrant, diverse social and economic environment. This land use vision from the Comprehensive Plan is consistent with and an important element of the Sustainable Development Plan for the Thurston Region.

Since 1993, the City of Olympia and other public partners have invested over \$150m to construct major public spaces and facilities in Downtown, including a new city hall, farmers' market, children's museum, Heritage Park, several public plazas, and significant renovations to the performing arts center, waterfront boardwalk and park. The aim has been to provide top-notch public attractions for people as well as amenities to spur private development, and particularly market-rate housing.

These investments are paying dividends. There are several significant private sector projects either under construction or recently completed that will add to Downtown's vibrancy. However, this alone will not be enough to carry Downtown into its next phase of revitalization. Most of the future changes to occur in Downtown will happen through private sector investment. The City's role is to: 1) ensure there are feasible private sector development opportunities, 2) make strategic public realm improvements to better connect existing assets, 3) guide development consistent with public objectives through regulations, 4) alert the development community to Downtown's development opportunities, and 5) facilitate public private partnerships to encourage investment.

The DTS Land Use Element focuses on the development regulations and City planning actions that implement Olympia's Comprehensive Plan land use and development goals. In general, the current land use zoning and development standards are consistent with the City's objectives and market conditions, with the few exceptions identified in the Special Considerations, below. Updated design guidelines as proposed in the Design Element will simplify and "fine tune" the development standards to reinforce the special design characteristics of each of the "character areas". Additional tools to support and encourage private sector investment are also recommended in the Development Incentives chapter.

## GOALS AND OBJECTIVES

The following are Olympia Comprehensive Plan Goals that form the foundation of the concepts and recommendations in this element:

- GE10:** Olympia is a regional center for arts and entertainment.
- GL1:** Land use patterns, densities and site designs are sustainable and support decreasing automobile reliance.
- GL2:** Buildings, commercial and industrial processes, and site designs use energy efficiently.
- GL6:** Community beauty is combined with unique neighborhood identities.
- GL17:** Regional urban activity is centered in Downtown Olympia.
- GL18:** Downtown designs express Olympia's heritage and future in a compact and pedestrian-oriented manner.
- GN1:** Natural resources and processes are conserved and protected by Olympia's planning, regulatory, and management activities.

**GP3:** Affordable housing is available for all income levels throughout the community.

**GR5:** A lively public waterfront contributes to a vibrant Olympia.

**GU11:** The City uses best available information to implement a sea level rise management plan that will protect Olympia's Downtown.

Based on the Comprehensive goals the following land use related priorities were identified during the planning and public engagement process:

- Honor and emphasize the waterfront.
- Encourage population density.
- Encourage taller buildings consistent with zoning and view protection measures.
- Encourage a mix of land uses (residential, retail, commercial, light industrial, entertainment, etc.) in close walking distance to provide opportunities for a livable Downtown and sustainable lifestyle.
- Encourage private investment.
- Emphasize the strong retail core.
- Develop districts with distinct personalities.
- Connect Downtown and the Capitol Campus.
- Champion Olympia's arts and entertainment.

## SPECIAL CONSIDERATIONS

The following land use concerns were considered when formulating the Recommended Actions:

### **Market conditions**

The planning team conducted a market study which evaluated the demand for residential, commercial and hotel space, and a feasibility analysis of prototypical developments which examined the economic return of various development configurations and mixed uses. This analysis informed the Recommended Actions for the Land Use, Design, Housing, and Retail Elements.

In simplest terms, the market study found there was market demand sufficient to meet the Comprehensive Plan's growth targets and to produce a vibrant, economically viable Downtown. The feasibility analysis identified a number of economically feasible development types that are consistent with Downtown objectives and with emerging market demand. Recommended actions will help to overcome some of the development challenges and increase project feasibility. Design review under updated design guidelines will lead to higher quality development. The following is a summary of the report's findings.

## Retail Demand

The total potential increase in sales is estimated to be \$152 million annually by 2035, an increase of approximately 100% over the period. Capture of regional growth represents the largest share of this increase, followed closely by increased Downtown capture in selected sectors, and increased sales to Downtown residents. The sectors with the largest potential increase are Food Services, Food and Beverage, Miscellaneous Retail, and Apparel and Accessories. Increased sales of this magnitude would support an additional 650,000 square feet of retail space Downtown, an increase of approximately two-thirds over the current inventory.

## Office Demand

Office using employment in Olympia is projected to grow by 5,357 between 2014 and 2040. Office using employment in Thurston County is projected to grow by 16,748 between 2014 and 2040. This growth would support an additional 41,000 square feet each year in Olympia and 124,000 square feet in the county as a whole. At this rate, it would require approximately eight years to fill the existing vacant office space county-wide. However, with conversion of some office buildings to residential or other uses, and with the lack of new Class A office space developed in Olympia over the past decade, there will be support for new development in Olympia sometime sooner than that eight year horizon.

## Residential Demand

The City targets that approximately one-quarter of the projected 20 year population increases will locate Downtown. This increase would represent 2,500 to 3,500 additional housing units depending on the average household size. The market demand (not necessarily a goal or target) for new units by type shown in the table below will be based on the likely household composition and income levels of new residents.

Townhouses	680 to 960 units
Lowrise (2-3 stories)	1,100 to 1,530 units
Midrise (4-5 stories)	720 to 1,010 units
<b>Total</b>	<b>2,500 to 3,500 units</b>

## Lodging Demand

Real growth in hotel performance reflects growth in room nights and growth in average daily room rate above inflation. The historical real growth rate was 2.3% between 1994 and 2015, a very challenging period for the industry. Future growth is assumed at 2.5% to 3.5%. The City's current share of county-wide room revenue was 46% in 2015 down from 51% in 2003. Olympia should be able to maintain that share and even increase it based on likely enhancements to Downtown. The number of supportable new hotel rooms in the study area over the next 20 years is projected to range from 138 to 311. A portion of the new rooms are likely to be limited service rooms. But it is important that at least one full service hotel be included in order to diversify the market segmentation and reinforce Downtown as the center of the local lodging and entertainment sector.

## Summary of projected demand

	2015-2025	2025-2035	2015-2035
<b>Residential Units</b>			
Townhouse	342-479	342-479	684-958
Low rise	549-768	549-786	1,097-1,536
Mid rise	360-503	360-503	719-1,006
	<b>1,250-1,750</b>	<b>1,250-1,750</b>	<b>2,500-3,500</b>
<b>Retail Square Feet</b>	327,000	328,000	655,000
<b>Office Square Feet</b>	200,000*	200,000	400,000
<b>Hotel Rooms</b>	62-133	76-178	138-311

\*includes backfill

## Development Challenges

In order to identify realistic land use development opportunities for Downtown, the planning team completed a feasibility analysis for development of potential catalyst projects on key sites. The analysis focused on mixed use and residential units because these represent the priority development in the Downtown in order to meet residential growth projections. The full feasibility analysis on which this summary is based is included in [Appendix B.2](#).

Although the market analysis found that mixed use and residential development on a variety Downtown of sites and with a variety of configurations are or soon will be feasible, additional tools may be necessary to combat challenges related to several factors that contribute to high development costs within Downtown Olympia relative to other areas within Thurston County. According to a 2014 report, Downtown has a variety of environmental and economic challenges that hinder private sector investment, including:

- Blighted and abandoned buildings
- Known and unknown soils contamination from prior industrial uses (See discussion below)
- Risks from sea level rise (See discussion below)
- The high cost of construction on the dredged fill due to the need for support piling
- Aging infrastructure
- Diversity of property ownership within the area
- Negative impacts caused by crime, homelessness and lack of cleanliness

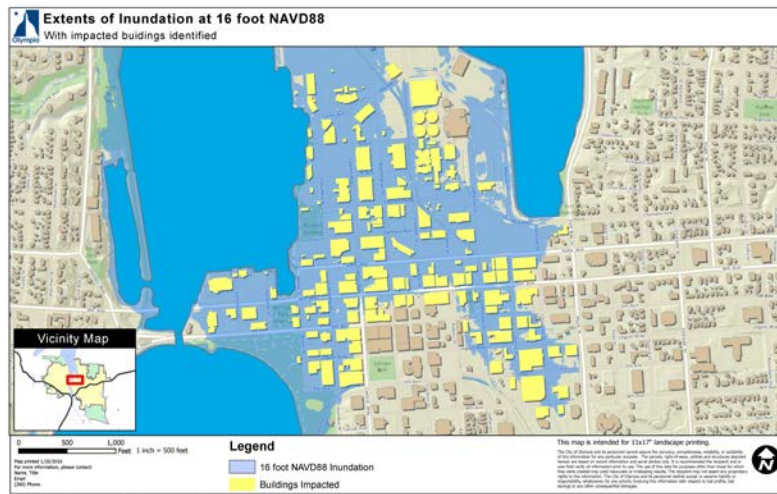
## Sea Level Rise

Downtown Olympia has a long history of flooding. It is built on low lying fill and subject to relatively short (1-2 hour) tidal flooding events. Sea level rise is a concern for Downtown and will likely increase the number and severity of flooding events. In general, the area north of Legion Ave is most vulnerable due to lower elevations.



While it remains difficult to predict the level or timing for sea level rise, the City continues to increase its understanding and develop an approach. The City recently raised flood proofing requirements for projects in the Downtown, and installed flood gates on stormwater outfalls in priority locations to prevent marine water from flowing up pipes during an event. A Sea Level Rise Response Plan will help refine and develop how the City addresses this challenge (Action LU.1).

### (SLR) Plan.



Map showing areas likely to be affected by potential sea level rise. The map shows areas that have a base elevation of less than 16'. As a preliminary step to address flood risk within the foreseeable future, City requires Downtown developments to provide floodproofing up to 16' elevation (e.g., raised site elevation or automatic raised walls).

## Site Contamination

Prior land uses in Downtown Olympia, including major manufacturing, petroleum storage, auto repair and dry cleaning, have caused soil and groundwater contamination. The Washington State Department of Ecology (DOE) lists several sites in Downtown that are known or suspected to be contaminated.

Real or perceived contamination can hinder revitalization and environmental goals. Depending on the type and extent of contamination, there may be a risk to human health and the environment, including the Puget Sound ecosystem. Due to uncertain costs and liability associated with contamination, these properties are often difficult to redevelop.

Under the law, liability for remediation is complicated. In general, responsible parties, including property owners, must assume some responsibility. Remediation costs vary according to the type and extent of contamination and intended new use.

In addition, obtaining financing to redevelop contaminated sites can be a challenge. To avoid becoming a liable party, banks often will not finance a project until the site is remediated. Property owners may find it more advantageous to leave the property undeveloped since development or sale may be difficult or expensive. Uncertain liability and cost contribute to the “barrier to development” issue.

It is often easier for local governments than it is for private parties to obtain grants and loans to redevelop contaminated properties. “Brownfield” status may increase opportunities for financial or technical assistance. The EPA defines a brownfield as “a property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant.”

The most important and potentially productive action to address this concern is **LU.6. Apply for an EPA Brownfield Assessment Grant and other federal, state funds to assist with assessment or clean-up of site contamination.**

See the Development Incentives chapter for additional tools to encourage private investment.

### **Special Opportunities for Development and Public Amenities on the “Isthmus”**

The highly visible and central “Isthmus” west of Water Street and between Capitol Lake and West Bay provides important opportunities for redevelopment, shoreline access, open space, environmental restoration and economic development. This is Downtown’s western gateway and a prominent visual element viewed from the Capitol Campus to the water.

The Isthmus is of special interest to the community, signaling a need for a particularly focused planning effort. Other efforts will likely influence Isthmus planning; including the Sea Level Rise Response Plan (LU.1), West Bay Park & Restoration Plan, (which involves consideration of a trail from West Bay to Downtown), a potential public/private partnership to redevelop the Water Street area (H.8) and potential renovation of the privately owned 9-story ‘Capitol Center Building. Giving these efforts more time to mature can provide for a more efficient planning process.

See recommended action **LU.2. Develop and adopt a land use, circulation, design, and environmental enhancement plan for the isthmus** for additional guidance on the scope of this effort.



*View of the Isthmus looking north.*



## Light Industrial Uses

While the market analysis focused on retail and office development, Downtown accommodates a number of light industrial uses. Some are older, traditional fabrication activities, but some “light industrial” uses are more recent additions, such as: technical or artists shops, artisan manufacturing, breweries, distilleries and food production businesses. Participants at the public engagement events saw such uses as important to Downtown’s economy and character. And, the proximity to the Port, LOTT and freeway provide advantages that make Downtown an appropriate location for a variety of similar uses.

The Artisan Tech Character Area is intended to provide a setting for light industrial, fabrication, food production, technical shops and related activities. Action **LU.3 Update zoning and development standards** recommends that consideration be given to an overlay that more explicitly identifies desired uses to be allowed. Defining “light Industrial uses” more specifically in the land use and zoning codes will help in resolving conflicts and ensure that development incentives, such as the SEPA exemption, are applicable. Additionally, the DTS recommends the City apply for an EPA technical assistance grant aimed at promoting small scale manufacturing and place based economic development.

## Land use Compatibility and Development Opportunities in the Area between Downtown’s Historic Core and the Capitol Campus

The Southeast Downtown Neighborhood features a mix of residential and office uses, and is one of Downtown’s best opportunities to establish a small residential neighborhood with a variety of housing types. To protect the residential character of this area it is important to retain sufficient land in residential use so that there is a “critical mass” of residents. At the same time, some additional neighborhood serving businesses would help make this neighborhood more walkable and appealing for those looking for urban options. To accomplish this requires zoning adjustments as described in **LU.3 Update zoning and development standards**. Additionally, Design Guidelines should be established to improve the compatibility between existing and new buildings and between residential and office structures as called for in **D.1. Update design guidelines for building and site development**.

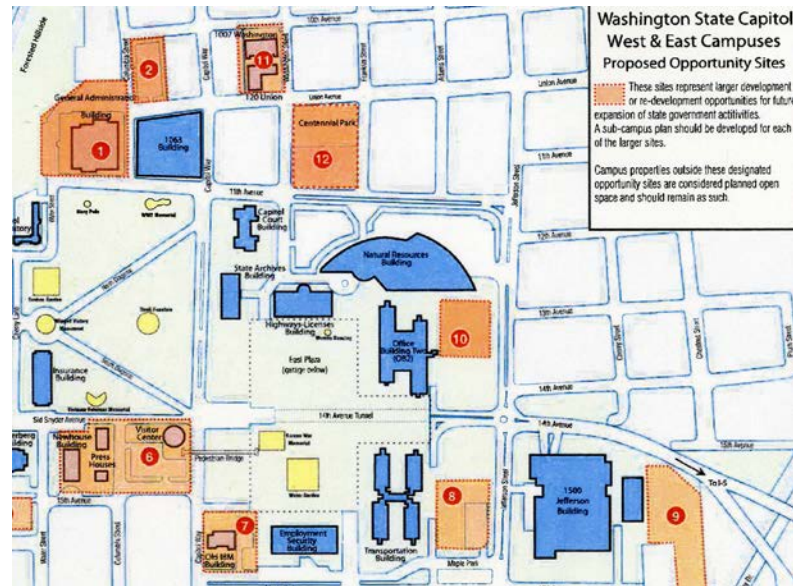


*Light industrial uses, technical and arts shops, food production and similar uses diversifies Downtown’s economy adds to its unique character.*



*The Southeast Character Area includes a mix of residences and State owned properties. Plum Street is shown on the right side of the photo and the WA DNR office building is on the lower left.*

The State owns several parcels in this area for potential future development to support State Capitol functions. It will be important that the City work closely with the State to ensure the opportunity sites bordering Downtown feature pedestrian-friendly facades and are compatible with the residential community.



Partial map of State Owned properties indicating existing buildings in blue and potential redevelopment sites in orange.



Illustration showing the new State 1063 Office Building on the left and possible mixed use development on the right, coupled with upgraded Campus landscaping at its southern entrance. Street improvements and infill development between the Campus and the Downtown Core would help to connect and enhance both activity centers.

While the objective for the Southeast Character Area east of Washington Street is to maintain a viable residential area interspersed with auxiliary State owned properties, the Capitol to Market corridor between Sylvester Park, Washington Street, the Capitol Campus and Capitol Lake can accommodate a greater range of uses that would better connect the Downtown Core with the Campus, and add commercial, residential and pedestrian activity to this corridor.

## The Port of Olympia

The Port is a regionally important economic asset. The Port's ability to take advantage of economic opportunities has been leveraged to benefit the Downtown, which will continue to be important in the future.

Besides being an economic driver, the working waterfront is part of Olympia and Thurston County's heritage, contributing to the unique and historic character of Downtown. Port-owned lands, such as the site of the Farmer's Market, Children's Museum, Port Plaza, and the East Bay trail (part of the Olympia Waterfront Route) offer family-friendly gathering places with connections to the waterfront. Other Port-owned land in the vicinity has or is planned for commercial and marine development that can accentuate the character areas envisioned in the DTS. Examples include:

- **Corner of State Ave & Jefferson St:** The Port is working with a private developer to create an approximate 64,000 sf mixed-use commercial and residential LEED building. Preliminary plans call for a pedestrian only connection between State Ave & Marine Dr.
- **Port Marine Fueling Station:** The Port is considering installation of a new fuel station at Swantown Marina. This would replace an existing station in disrepair at Boston Harbor, helping to draw boaters to Downtown and advancing tourist activity.

Collaboration between the City and Port will continue to be an important factor in the success of Downtown. This will be especially important in the formation of a sea level rise response plan and subsequent actions. In addition, as Downtown grows special attention should be paid to how increased pedestrian activity impacts the Port's freight operations, and vice versa.



*The Port of Olympia is a vital asset to the Downtown.*

## RECOMMENDED ACTIONS

### LU.1 Form a Sea Level Response (SLR) Plan.

#### Timeframe

**2016:** Scoping, Problem Definition, Jurisdictional Coordination

**2017:** Plan Development including Funding Evaluation

**2018:** Plan adoption including Financial Structures

**2019:** Implementation

#### Lead

Public Works

#### Partners and Participants

- Community Planning and Development;
- Parks;
- Fire;
- Police;
- LOTT;
- Port of Olympia

#### Description and Intent

The SLR Response Plan will balance risks, uncertainty, and both private and public costs so that our community can implement a clear and orderly response to SLR. It will identify needs for protecting Downtown and develop a response that can be implemented incrementally and modified as new information emerges. The plan may require a monitoring mechanism and possible menu of actions. Land use and development standards will likely be part of the solution.

#### Key Relationships to Other Actions

Measures to address sea level rise will likely affect numerous actions including those related to development and street improvements in areas north of Legion Avenue, waterfront related projects, isthmus planning, retail improvement programs, and regulatory updates.

#### Implementation Steps

See timeline to the left.

## LU.2 Develop and adopt a land use, circulation, design and environmental enhancement plan for the isthmus.

### Description and Intent

Some important considerations to include in the scope for the isthmus plan:

- **Land Use:** Parcels on the isthmus are owned by both the City and the private sector, with opportunities including mixed use development and park space. The process should determine:
  - How the City-owned land should be used,
  - How City activities relates to private property owners' plans, and
  - Whether there are public/private partnership opportunities.
- **Circulation:** Special considerations include:
  - Calming of E-W traffic
  - Access/turning movement on the N-S streets
  - Pedestrian and bicycle safety at the intersections on Water Street
  - A trail connection to West Bay Park
- **Design and Environmental Enhancement:**
  - This is Downtown's western gateway and a prominent visual element viewed from the Capitol Campus to the water.
  - Special street design opportunities on Water Street between 4th and 5th Ave in association with a potential CRA redevelopment project. The Water Street pedestrian experience should be improved with streetscape designs incorporate the waterfront character from Percival Landing south toward Heritage Park, the Capitol Campus, and the western portion of Downtown.
  - Shoreline restoration
- **Relationships with other efforts:**
  - Sea Level Rise Response Plan
  - West Bay Park Master Plan
  - Water Street Redevelopment Plan
  - Transportation Master Plan
  - Potential rehabilitation of the privately owned 9-story building
  - State's decision on Capitol Lake

### Timeframe

**2017:** Scoping

**2018:** Planning, public process

### Lead

- Community Planning and Development;
- Parks;
- Public Works

### Partners and Participants

- Property owners

### Key Relationships to Other Actions

**LU.1** Sea-level rise will likely be a factor.



### LU.3 Update zoning and development standards.

<i>Timeframe</i>	<i>Description and Intent</i>
Starts in 2017	The planning team compared current zoning and development standards with the DTS character area concepts, and found them to be generally consistent. Most of Downtown is zoned as Downtown Business (DB) or Urban Waterfront (UW), both of which provide flexibility for a variety of land uses. However, some updates are recommended, including:
<i>Lead</i>	
Community Planning and Development	
<i>Partners and Participants</i>	
NA	<ul style="list-style-type: none"><li>• <b>Combine Downtown related codes into one section for accessibility and ease.</b></li><li>• <b>Simplify allowed use tables.</b></li><li>• <b>Include appropriate standards for nonresidential storefronts, retail space compartmentalization, private open space and impact mitigation in mixed use areas.</b></li><li>• <b>Coordinate with updated design guidelines.</b></li><li>• <b>Establish an overlay for Art/Tech area to allow for uses desired there but not in other parts of Downtown.</b> The Artist/Tech Character Area encourages light industrial uses, such as artisan manufacturing/studios and micro-breweries, distilleries and wineries. 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. The underlying zoning of DB and UW could provide a baseline of allowed uses and incentives also available in other areas, while the addition of a special overlay district could provide for unique opportunities and character development.</li><li>• <b>Revise zoning in Southeast Neighborhood to stabilize residential property and encourage retail that serves local residents.</b> The vision for the Southeast Downtown Neighborhood Character Area calls for the maintenance of a livable residential neighborhood with a variety of housing types. However, this area is also adjacent to the Capitol Campus and several parcels are owned by the State or are already occupied by commercial uses. Thus it will be important to retain as much land as possible in residential use to maintain a critical mass of residences. At the same time, residents in the Southeast need better access to local commercial services.</li></ul>



Expanding the Urban Residential (UR) zone boundaries (avoiding land owned by the State) along with updating the development code to allow small local serving businesses on the ground floor of mixed use buildings would strengthen the residential nature of this area. Additionally, expanding home based business options might make live-work units more attractive. Consideration should be made to prohibiting new office uses here to prevent additional loss of residential properties. Also, consider raising allowed heights on properties in the south east corner that are currently limited to 42' in order to promote more housing density; key to this will be strong design standards for compatibility between old and new uses. Additionally, the City should work with the State to include public objectives regarding siting and design in their Master Plan's Community Vitality section.

## Key Relationships to Other Actions

**D.1** Update design guidelines

**LU.1** Form a Sea Level Response (SLR) Plan

## LU.4 With partners, develop actions to enhance and promote waterfront recreation activities.

### Description and Intent

Activities might include events, marketing, facilities improvement and adding attractions. Providing a pedestrian connection from Percival Park to the Hand's On Museum, completing the Olympia Waterfront Route, improving cross streets connecting the waterfront to Capitol Way would all substantially support this proposal.

The State has a shared interest in increasing use of Heritage Park. Coordinate with State Department of Enterprise Services (DES) in this effort.

### Key Relationships to Other Actions

**LU.1** Form a Sea Level Response (SLR) Plan.

**LU.2** Develop and adopt a land use, circulation, design and environmental enhancement plan for the isthmus.

**D.4** Develop an art and wayfinding plan that adds more public art and wayfinding to the streetscape in a well-coordinated fashion.

### Timeframe

**2017:** Coordinate with the Isthmus Plan

### Lead

Parks Department

### Partners and Participants

- Waterfront partners include: City Parks, Olympia Yacht Club, Port of Olympia, State DES, Hands on Children's Museum, LOTT, etc.
- Include promotion for boating opportunities, kayaking, events, and other recreation interests.

## LU.5 Identify buildings and tools appropriate for adaptive reuse, and promote these tools.

### Timeframe

**2017:** Coordinate with zoning code update

### Lead

Community Planning and Development

### Description and Intent

Adaptive reuse is the rehabilitation of an existing structure for a new purpose. Downtown's older office and industrial buildings present opportunities for reuse to housing or retail/entertainment space. This proposal is for the City to:

- Identify and focus tools to incentivize adaptive reuse.
- Use the 2016 historic architecture inventory to help identify older character-defining buildings that won't be designated as historic landmarks, but are good candidates for adaptive reuse.
- Provide information to explain the purpose of requirements/fees associated with change of use.
- Promote these efforts as part of "a program" to encourage adaptive reuse.

Adaptive reuse tools could include: CDBG funds for façade grants; SEPA exemption; historic preservation tax credits; multifamily tax exemption (MFTE); expedited permitting; adopt design guidelines that encourage reuse; interest-free loans (when providing affordable housing); site assessment of contamination; etc. See the Development Incentives chapter for more information about applicable tools.

### Key Relationships to Other Actions

**LU.3** Update zoning and development standards.

**LU.6** Promote incentives and other tools that encourage private investment. This action covers the incentives for a broader range of projects.

## LU.6 Apply for an EPA Brownfield Assessment Grant and other federal, and state funds to assist with assessment or clean-up of site contamination.

### Description and Intent

Prior land uses in Downtown Olympia, including major manufacturing, petroleum storage, auto repair and dry cleaning, have caused soil and groundwater contamination.. Environmental Protection Agency (EPA) assessment grants provide funding for a grant recipient to inventory, characterize, assess, and conduct planning and community involvement related to contaminated soil or groundwater. The “free” site assessments can provide property owners a substantial benefit and can be combined with other incentives.

### Key Relationships to Other Actions

**LU.1** Sea level response plan. Brownfield grants may be able to be combined with SLR activities.

### Implementation Steps

Apply for the EPA grant in 2017.

### Timeframe

2017 is the next time the grant applications are available.

### Lead

Community Planning and Development

### Partners and Participants

- Public Works
- Affected property owners

## LU.7 Explore how City-owned properties could be redeveloped through public/private partnerships to meet public goals.

### Description and Intent

The City owns some Downtown properties such as surface parking lots, the old fire station and library which could be redeveloped to more appropriate uses. Some specific areas of interest to the community include a new YMCA/community pool, affordable housing, structured parking and a larger, more tech savvy library.

An example of this approach occurred in 2015. The City sold a surface parking lot on State Ave to the Low Income Housing Institute for \$1 to advance affordable housing for homeless veterans, youth and disabled citizens. As part of the City’s CRA program, potential public/private partnerships are currently underway to redevelop two areas for mixed use (near Water Street, 4th & 5th and the former Griswolds site on 4th Ave.)

### Key Relationships to Other Actions

NA

### Timeframe

As opportunities occur

### Lead

Community Planning and Development

### Partners and Participants

The development community

