SCNA Meeting Summary: Home-Based Businesses and Neighborhood-Scale Commercial

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On October 21, 2026, at the Lincoln School cafeteria, the South Capitol Neighborhood Association heard about two proposed changes to the Olympia Municipal Code that affect every residential property in the city: updated rules for **home-based businesses**, and a new proposal to allow **small-scale commercial uses** such as cafés, bakeries and small shops in residential zones. Nicole Floyd of the City of Olympia presented for about 28 minutes, filling in for Senior Planner David Ginther, who was out sick. About an hour of questions followed. Residents were most concerned about parking, enforcement, lobbyist-owned homes, offices taking over houses, and neighborhood character. Both proposals are still drafts, and the city is asking for written comments.

Draft for review. Prepared from an automatic transcript of the meeting recording (about 97 minutes). Attendees are not identified.

Part 1: Presentation

Opening (0:00–5:40)

- This was the first of a new series of monthly, informal neighborhood topic nights, which came out of last year's member survey. Next month's topic is **urban gardening**.
- The board recorded the meeting for neighbors who couldn't attend and took notes for the association's website.
- Sticky notes and a comment board in the back let attendees leave questions without speaking up.

Topic 1: Home-based businesses (5:40–19:30)

The amendments mostly clean up rules unchanged since the 1960s. The draft is back with the Planning Commission and not yet scheduled.

Background

- These have been called "home occupations" since the 1960s. The proposal renames them **home-based businesses**.
- The city got direction to update the rules in 2025, and staff drafted amendments in 2026. The **Planning Commission recommended denial** because it found the draft unclear.
- The City Council's three-member Land Use and Environment Committee **sent it back to the Planning Commission**, where it is waiting to be scheduled.

What counts as a home-based business

- A business that is clearly secondary to living in the home. Ideally you can't tell from the street that it's there.

- The simple test is whether you need a business license for that address:
    - **Not a home-based business** (and allowed): bringing work home, or working remotely full time for an employer based elsewhere.
    - **A home-based business:** you're self-employed and your home is your only business address, such as a consultant or an artist who sells their work.
- **Someone has to live there.** A house used only as rented offices, with no one living in it, does not qualify.
- Current limits keep the impact on neighbors low: one customer at a time, no employees from outside the household, minimal signs, and quiet uses only.

What the proposed amendments would do

- Remove references to permits that no longer exist, and redundant sections.
- Allow on-site sales if they aren't visible from outside.
- Allow mobile mechanics and detailers, whose home is only their business address.
- Eliminate parking requirements.
- Remove the 500-square-foot limit on interior space.
- Add a definition of "remote work." Floyd called this the most confusing piece.
- Define **principal residence** as where you live more than half the year (discussed in the Q&A).
- Rename the category and clean up the wording.

Topic 2: Neighborhood-scale commercial (19:30–34:00)

The draft would let small, walk-to businesses into residential zones through conditional use permits. It is still at the staff level, and its first public hearing date is likely to slip.

Why it's being proposed

- Neighborhood retail has been part of Olympia's vision since its 1995 Comprehensive Plan.
- In 2013, Sustainable Thurston set a goal that **72% of households live within a half-mile walk** of a center by 2035. In 2014 only 35% did, and Floyd said that has probably not changed much.
- Zoning keeps homes and businesses separate. Most mixed neighborhood places predate zoning; the Frog Pond was built in 1922 as the Lincoln Grocery.
- The 2014–2024 "neighborhood centers" approach drew tight boundaries around existing shops and added nothing new. The main obstacles are **cost and lack of land**.
- South Capitol is almost entirely residential: one tiny Neighborhood Retail parcel (the Frog Pond) and one small PO/RM (professional office/residential mixed) parcel.
- **2025 Comprehensive Plan policy PL24.6:** allow small-scale commercial in neighborhoods through **conditional use permits** until design standards are written, scaled to serve nearby residents.
- The 2026 survey drew **181 participants and 243 comments**. Its themes matched 20 years of feedback: a limited range of uses, small community-serving businesses, and limits on hours and lighting.

The draft (written by David Ginther)

Item	Draft proposal
Allowed uses	Restaurants and bakeries (may serve alcohol; no bars); cafés; retail; personal services such as barbers, beauty, massage and pet grooming (no dog daycare or boarding); tailors, cobblers, bike repair; health and fitness; maker spaces, art studios, galleries; counseling offices
Not allowed	General offices; drive-throughs
Size limit	3,000 sq ft for most uses; 1,500 sq ft for restaurants, retail and personal services (Floyd thinks 1,500 may be too small)
Parking	Capped at 5 spaces
Hours	7 a.m.–10 p.m.
Other	Limited outdoor storage; applicant must show how noise, light, glare and waste will be reduced

Converting a house to commercial use can also trigger costly requirements that home-based businesses avoid: frontage improvements, impact fees, utility upgrades, accessibility, fire and energy codes, and parking, landscaping and stormwater standards.

Timeline

Date	Step
September 2026	Community survey
October 13, 2026	First draft released
November 2, 2026	Planning Commission briefing
December 7, 2026	Planning Commission public hearing (Floyd expects this to slip)
To be set	Land Use and Environment Committee, then full City Council

Floyd: "getting it right's better than fast."

Part 2: Questions and answers (34:00–97:00)

The longest discussion was about homes owned by lobbyists and how "principal residence" is defined. Parking, offices and neighborhood character also came up repeatedly.

Parking and traffic

- Residents on narrow streets with parking on one side only asked where customers would park if parking requirements go away.
- Floyd said the city is moving away from parking requirements to support walking, while acknowledging "we all just love our cars."

How the home-based business rules work

- **The one-customer limit applies per resident operator.** If three household members each run a yoga business, each can see one client at a time. Bringing in outside instructors makes it a commercial business.
- **Airbnb and VRBO are a separate category,** allowed with their own permit.
- **No permit is needed** for a home-based business, though most get a business license.
- **Enforcement is complaint-based.** The city has few code enforcement officers for about 67,000 residents, and most issues are resolved by asking. Residents said follow-up can be very slow.

Lobbyist-owned homes and "principal residence"

- Residents described homes owned by lobbyists that sit empty most of the year or are used mainly for meetings.
- Floyd explained a few points:
    - Working remotely for an out-of-town employer never counts as a home-based business, so these rules don't reach most of those homes.
    - Owning a home you rarely live in is legal.
    - The draft's "more than half the year" definition of principal residence would be hard to enforce.
- A resident noted that the **current code requires a signed affidavit of primary residence** and that the proposal **removes it**; the neighborhood had fought for that affidavit. Floyd said the city stopped collecting affidavits after staff cuts around 2008. Asking the Planning Commission to keep it is reasonable, though staffing is the open question.
- One view was that these homes are mostly used for quiet meetings, because the Capitol is short of meeting space.
- Another view was that business use of homes near the Capitol drives up housing costs and pushes residents farther out.
- Whether there is a limit on business-related events at a home (possibly four) was left unconfirmed.

Offices, franchises and size limits

- Residents worry that small-scale commercial could become a **back door for turning houses into offices**. The draft allows counseling offices but not general offices, and Floyd suggested residents recommend tighter wording.
- Nothing in the draft prevents a **franchise** such as Starbucks or Dunkin', although the drive-through ban would apply.
- Several people were confused by the **3,000 vs. 1,500 sq ft** limits. Floyd agreed they need work and said builders should be asked what is workable.

Neighborhood character and how many businesses

- One resident warned that Capitol Way could become like **4th Avenue**: a restaurant open until 10 p.m. on one side of a house and a sixplex on the other. Floyd confirmed state law now allows a fourplex plus two ADUs, which in practice makes a sixplex.

- A resident asked whether new businesses could be **spread out**, for example one every few blocks. Floyd said the city has a lot of flexibility; one idea from an earlier city study is a 1,000-foot boundary around existing commercial pockets.
- Asked what "appropriately scaled" means, Floyd agreed the draft needs more detail. She would like:
    - required landscape screening for light and noise
    - applicants to show where neighbors' windows are
    - applicants to show where any parking would go

Housing, downtown and the bigger picture

- Residents asked whether the city should protect homes during a housing crisis rather than add businesses to them. Floyd agreed it is a balance.
- Residents asked whether shops in houses would empty downtown storefronts further. The city's economic development director told Floyd it cuts both ways: small home-based starts can grow into downtown space.
- Floyd's data on downtown:
    - Downtown residents have increased substantially over about 10 years.
    - The number of downtown businesses has not dropped.
    - Apartments are mostly full.
    - **Ground-floor retail is often empty,** because of high rent, missing kitchen exhaust hoods, and businesses wanting to own their space.
- A small three-bedroom house nearby recently sold for $1.3 million, raised as an example of affordability pressure.
- Floyd said many of these concerns are competing goals within the Comprehensive Plan, and encouraged residents to tell the Planning Commission how they would balance them.

Other questions

- **St. John's Episcopal Church site** (to be torn down next fall): the property owner decides within zoning. The site currently allows a church, a school or housing; housing is most likely.
- **State legislation:** a bill requiring cities to allow neighborhood businesses failed last year and may return. The city's draft is partly based on it.
- **Earlier legal memo saying the current code can't be enforced:** Floyd disagrees with that interpretation. Clearer definitions, especially of remote work, would make enforcement easier.
- **Businesses expanding through variances:** Floyd said variances are rare; she has seen one in 11 years with the city.

How to comment

Send comments on either draft to David Ginther. Floyd's advice: read the actual draft language and say specifically what you would change.

Proposal	Where it stands	Your comments go to
Home-based businesses	Waiting for the Planning Commission's schedule	David Ginther, who forwards them to the Planning Commission

Proposal	Where it stands	Your comments go to
Neighborhood-scale commercial	Still being drafted by staff	David Ginther directly

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