



ARLINGTON COUNTY, VIRGINIA

County Board Agenda Item
Meeting of April 20, 2024

DATE: April 15, 2024

SUBJECT: Request to advertise public hearings by the Planning Commission no earlier than September 4, 2024, and the County Board no earlier than September 14, 2024, to consider changes to the Arlington County Zoning Ordinance (ACZO) in various Articles and Appendices to consider a new or amended process for a more streamlined and economically viable approach for the adaptive reuse of obsolete commercial buildings.

C. M. RECOMMENDATION:

Adopt the attached resolution to authorize advertisement of public hearings by the Planning Commission no earlier than September, 4, 2024, and by the County Board no earlier than September 14, 2024, to consider amending, reenacting, and recodifying the Arlington County Zoning Ordinance (ACZO) Article 1 (Introductory Provisions), Article 7 (Commercial/Mixed Use Districts), Article 9 (Special Planning Area Regulations), Article 11 (Overlay and Form Based Code Districts), Article 12 (Use Standards), Article 14 (Site Development Standard), Article 15 (Administration and Procedures), Article 16 (Nonconformities), Procedures), Article 18 (Definitions), Appendix A (Columbia Pike Special Revitalization District Form Based Code) and Appendix B (Columbia Pike Neighborhoods Special Revitalization District Form Based Code) to amend or create new entitlement process requirements and associated regulations to allow for the change in use(s) and related building and site improvements of commercial office buildings in commercial mixed-use districts, and to make editorial changes for the purpose of clarity and for other reasons required by public necessity, convenience, general welfare, and good zoning practice.

ISSUES: No issues have been identified to date for this Request to Advertise.

SUMMARY: This request to advertise will allow future public hearings of the Planning Commission, no earlier than September 4, 2024, and the County Board no sooner than September 14, 2024, to consider amendments to the ACZO, to develop new or amended processes and regulations to provide for site appropriate and economically viable approaches for the adaptive reuse (i.e., change in use and related site improvements. of obsolete commercial buildings. While staff believes Arlington has a relatively limited number of adaptive reuse candidates, where feasible, adaptive reuse of such buildings will return the handful of properties from low tax properties into higher revenue generating ones. This effort is critical to providing just one of the options, the others being repositioning/reinvestment of an existing opportunity

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and redevelopment of the property in line with underlying land use ordinances and policy, which addresses the oversupply of existing commercial space that has little or no ability to attract tenants once space becomes vacant.

BACKGROUND: The prospective zoning ordinance amendment to be developed is part of CMRI 2.0, which is a continuation of the [Commercial Market Resiliency Initiative \(CMRI\)](#) initiated by the County Manager and authorized by the County Board in April 2022 and reconfirmed in September 2022, and throughout 2023 with the adoption of amendments to the zoning ordinance. CMRI allows the County to respond to the quickening pace of economic change and innovation, as well as shifting consumer behaviors, expectations, and business practices. The key outcomes of CMRI 1.0 included the establishment of commercial uses that were not clearly defined in the ACZO previously, the integration of modern descriptions of uses into the ACZO, and minor restructuring of the ACZO for clarity. While that effort continues, the County Manager has introduced a subsequent phase of work referred to as CMRI 2.0 to investigate opportunities to alleviate regulatory hurdles that could impede market solutions to commercial resiliency.

CMRI 2.0 is focused on removing regulatory barriers to achieve market solutions and includes work in three main focus areas - 1) redevelopment, 2) conversion, and 3) repositioning of retail and office properties. The consideration of amendments to the ACZO to address the opportunities of adaptive reuse is thus a key component of the CMRI 2.0 strategy. The response of local (and state and federal) governments to the opportunities of conversions/adaptive reuse in response to the commercial market crisis has been a significant topic of conversation nationally and regionally, including here in Arlington.

In 2023 Arlington Economic Development (AED) staff conducted a comprehensive analysis of all 328 commercial office buildings in Arlington. That analysis found that 76 of those 328 office buildings were considered at risk. These 76 buildings account for 17.3M square feet of office space, or 41.2% of Arlington's total office inventory. However, not all these distressed assets are likely candidates for adaptive reuse. Adaptive reuse has many implementation challenges¹ that eliminate "distressed" buildings from a financially viable adaptive reuse:

- Overcoming building structure weaknesses such as awkward and inefficient floor plates, failing major building systems, outdated and obsolete building facades, and low ceiling heights can often require the adaptive reuse process to bring the building down to its structural core.
- The cost of the adaptive reuse per square foot, even when some underground parking is retained, is often not less costly than the cost of ground-up redevelopment.
- Parking and loading structural elements often need to be retained and may not meet the full needs of new uses in an adaptive reuse project.
- Even with major structural investments, the resulting product will typically lag behind new market-rate product on a rent and income basis.

¹ [Office to Resi Conversion Memorandum](#)

- Arlington has many neighborhoods that have long-range sector and area plans that envision transformative redevelopment options; these redevelopment options are often more attractive to owners/developers given the potential for increased development yields
- While the vacancy rate is now over 22% and, per above, roughly 40% of the office inventory could be considered distressed, this does not always translate into fully vacant buildings with a low land basis that would justify an adaptive reuse investment.

Industry leaders have published similar guardrails around the scale of possible adaptive reuse of obsolete office buildings. A recent study the architecture firm Gensler suggested no more than 25% of commercial office stock made for viable adaptive reuse candidates from a building design perspective.² Arlington has only a couple of examples of adaptive reuse from office to residential over the past decade or more – the former WeWork/WeLive building, now Common at National Landing, (2221 S Clark Street) and 220 20th Street. Both are located in Crystal City, and 220 20th added several new floors in addition to the adaptive reuse of the obsolete office building. Alexandria and Fairfax have put regulatory frameworks in place that have resulted in a greater number of adaptive reuse projects over the past several years. Arlington County staff in AED, CPHD and DES have seen an uptick in preliminary interest in adaptive reuse projects in recent years.

DISCUSSION: Despite the reality that only a fraction of distressed and/or functionally obsolete office buildings will be viable candidates for adaptive reuse, the creation of a streamlined and economically viable regulatory framework in the ACZO for the adaptive reuse of commercial buildings is still an important step in the commercial market resiliency initiative. Specifically, adaptive reuse can be greatly beneficial for some of the following reasons:

- Adaptive reuse can most often reduce speed-to-market than full-scale redevelopment, particularly if a more streamlined approach is deployed.
- A reduced speed-to-market and a faster and more predictable process can increase investor interest.
- A reduced speed-to-market and a faster and more predictable process can help the property more quickly fill market voids or capture emerging market opportunities.
- Adaptive reuse can create unique and creative building stock that can introduce new types of uses to the market.
- A reduced speed-to-market can lead to a quicker recovery of property values and activity on the property, thus providing a quicker recovery of the direct and indirect tax revenues and economic benefits associated with the building.
- Adaptive reuse can offer embodied carbon savings relative to redevelopment given the reduced energy cost associated with demolition and construction and reuse of building materials and major infrastructure elements such as below-grade parking.
- Building systems upgrades will likely reduce Green House Gas (GHG) emissions due to more efficient building operations relative to the older, obsolete existing structure.

² <https://www.gensler.com/blog/what-we-learned-assessing-office-to-residential-conversions>

There are some potential downsides to adaptive reuse, such as older, obsolete buildings regaining a useful life but that potentially block long-term infrastructure plans associated with roads, transit and open space; and, upgrades to building systems may be constrained (physically and/or financially) and not always able to reach the standards for new construction. Staff believes the benefits of encouraging adaptive reuse, and the fact that there will likely be a limited number of such projects, will generally outweigh any of these downsides and supports consideration of a streamlined and economically viable regulatory process.

This RTA will study, analyze, and ultimately recommend for County Board consideration, potential changes to the ACZO, including but not limited to:

- Process changes that create a quicker, more streamlined, and predictable approach.
 - Currently the change in use, significant changes to the building facades, and other changes to site plan conditions require a more time-consuming and costly Major Site Plan Amendment.
 - Potential new process improvements could include:
 - Classifying adaptive reuse projects as a Minor Site Plan Amendment.
 - Administrative approvals of some or all of the adaptive reuse project proposal.
 - Creation of a new process within the ACZO.
 - Any changes to or creation of new processes will reflect on the criteria for eligible projects.
- Methods for achieving additional density associated with an adaptive reuse project, including:
 - Additional, often nominal, density associated with reskinning/façade replacement of a building.
 - Ground-floor and mezzanine level bump outs.
 - Use of excess parking, given the change in use, for uses that require gross floor area (GFA)
 - Adaptive reuse projects which add additional stories of height onto the existing structure.
- Standards or policies around the application of community benefits contributions, or lack thereof, associated with the adaptive reuse and supported by long-term land use plans and other County policies.
- Practice of updating to current standard site plan conditions, in certain areas, that likely divert from the original site plan approval.

While not formally a component of this RTA, there are complementary workstreams that will inform and leverage the adaptive reuse recommendations. These workstreams include:

- The consideration of new uses in the ACZO use tables that may be utilized by adaptive reuse projects, including:
 - Live-work units (Late Spring/early Summer RTA)
 - Self-Storage (Late Spring/early Summer RTA)
 - Residential-Hotel Units with flexibility and no length of stay requirements (Summer RTA).

- Incorporating the ongoing work on the Green Building Incentive Policy that addresses the benefits of embodied carbon savings.
- Ongoing study of the of the distinction, when site and/or building changes are requested by an owner, between major site plan amendments, minor site plan amendments, and administrative approvals, and the back-end systems to better process and catalogue these applications.
- Financial incentives for adaptive reuse.

PUBLIC ENGAGEMENT:

Level of Engagement: Communicate

This RTA, if authorized, will begin the public engagement process, allowing a minimum of 120 days for public input and feedback prior to public hearings. Further, this is a request to authorize advertisement that will be proceeded by a presentation to the Planning Commission's Zoning Ordinance Committee (ZOCO) on July 16, followed by a presentation and public hearing at the Planning Commission's regular meeting on September 4th, prior to County Board consideration no sooner than September 14, 2024.

Outreach Methods:

Public notice will be given in accordance with the Code of Virginia §15.2-2204. Staff anticipates circulating notices of the Planning Commission and County Board public hearings for this ACZO amendment by the statutorily defined dates in the issues of the Washington Times for hearings no sooner than September 4, 2024, Planning Commission, and September 14, 2024, County Board meetings. In addition to the above legal requirements:

- Upon authorization of the RTA, staff would publish information about this study on the Commercial Market Resiliency Initiative web page. Staff contact information would be available on the website, along with a comment feedback form for submitting comments directly to staff.
- Based on further staff analysis and any additional input received, staff will include a descriptive summary of any input received related to the proposed action in a legally required advertisement prior to the public hearings by the Planning Commission and County Board. This descriptive summary would detail the proposed ACZO amendments.
- Upon authorization of the RTA staff will develop an outreach strategy to key stakeholders and the broader community to provide further details and receive input on any future County Board agenda items related to this advertisement.

Community Feedback The public engagement process will occur with a communicate and consult approach after the RTA is authorized by the County Board.

FISCAL IMPACT: None

RESOLUTION TO AUTHORIZE ADVERTISEMENT OF PUBLIC HEARINGS BY THE PLANNING COMMISSION NO EARLIER THAN SEPTEMBER, 4, 2024, AND BY THE COUNTY BOARD NO EARLIER THAN SEPTEMBER 14, 2024, TO CONSIDER AMENDING, REENACTING, AND RECODIFYING THE ARLINGTON COUNTY ZONING ORDINANCE (ACZO) ARTICLE 1 (INTRODUCTORY PROVISIONS), ARTICLE 7 (COMMERCIAL/MIXED-USE DISTRICTS), ARTICLE 9 (SPECIAL PLANNING AREA REGULATIONS), ARTICLE 11 (OVERLAY AND FORM BASED CODE DISTRICTS), ARTICLE 12 (USE STANDARDS), ARTICLE 14 (SITE DEVELOPMENT STANDARD), ARTICLE 15 (ADMINISTRATION AND PROCEDURES), ARTICLE 16 (NONCONFORMITIES), PROCEDURES), ARTICLE 18 (DEFINITIONS), APPENDIX A (COLUMBIA PIKE SPECIAL REVITALIZATION DISTRICT FORM BASED CODE) AND APPENDIX B (COLUMBIA PIKE NEIGHBORHOODS SPECIAL REVITALIZATION DISTRICT FORM BASED CODE) TO AMEND OR CREATE NEW ENTITLEMENT PROCESS REQUIREMENTS AND ASSOCIATED REGULATIONS TO ALLOW FOR THE CHANGE IN USE(S) AND RELATED BUILDING AND SITE IMPROVEMENTS OF COMMERCIAL OFFICE BUILDINGS IN COMMERCIAL MIXED-USE DISTRICTS, AND TO MAKE EDITORIAL CHANGES FOR THE PURPOSE OF CLARITY AND FOR OTHER REASONS REQUIRED BY PUBLIC NECESSITY, CONVENIENCE, GENERAL WELFARE, AND GOOD ZONING PRACTICE.

The County Board of Arlington County hereby authorizes advertisement of public hearings by the Planning Commission no earlier than September 4, 2024, and the County Board no earlier than September 14, 2024, to consider amending, reenacting, and recodifying the Arlington County Zoning Ordinance (ACZO) Article 1 (Introductory Provisions), Article 7 (Commercial/Mixed Use Districts), Article 9 (Special Planning Area Regulations), Article 11 (Overlay and Form Based Code Districts), Article 12 (Use Standards), Article 14 (Site Development Standard), Article 15 (Administration and Procedures), Article 16 (Nonconformities), Procedures), Article 18 (Definitions), Appendix A (Columbia Pike Special Revitalization District Form Based Code) and Appendix B (Columbia Pike Neighborhoods Special Revitalization District Form Based Code) to amend or create new entitlement process requirements and associated regulations to allow for the change in use(s) and related building and site improvements of commercial office buildings in commercial mixed-use districts, and to make editorial changes for the purpose of clarity and for other reasons required by public necessity, convenience, general welfare, and good zoning practice.