

**COMMERCIAL MARKET
RESILIENCY INITIATIVE (CMRI)**



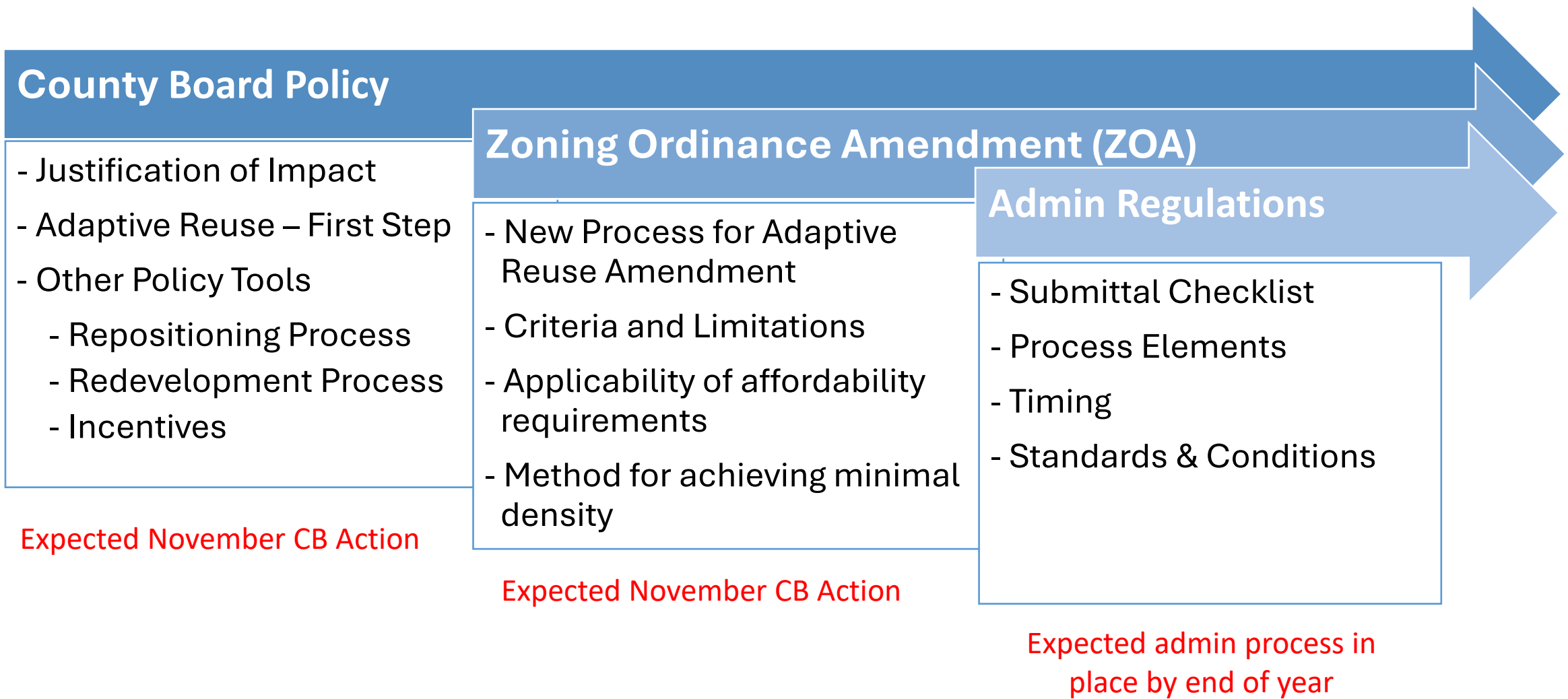
Transforming Arlington's Office Buildings: A New Regulatory Approach

**Presentation to the
Housing Committee of
the Arlington County
Civic Federation
October 17, 2024**



ELEMENTS OF PROCESS CHANGE

Transforming Arlington's Obsolete Office Building Inventory



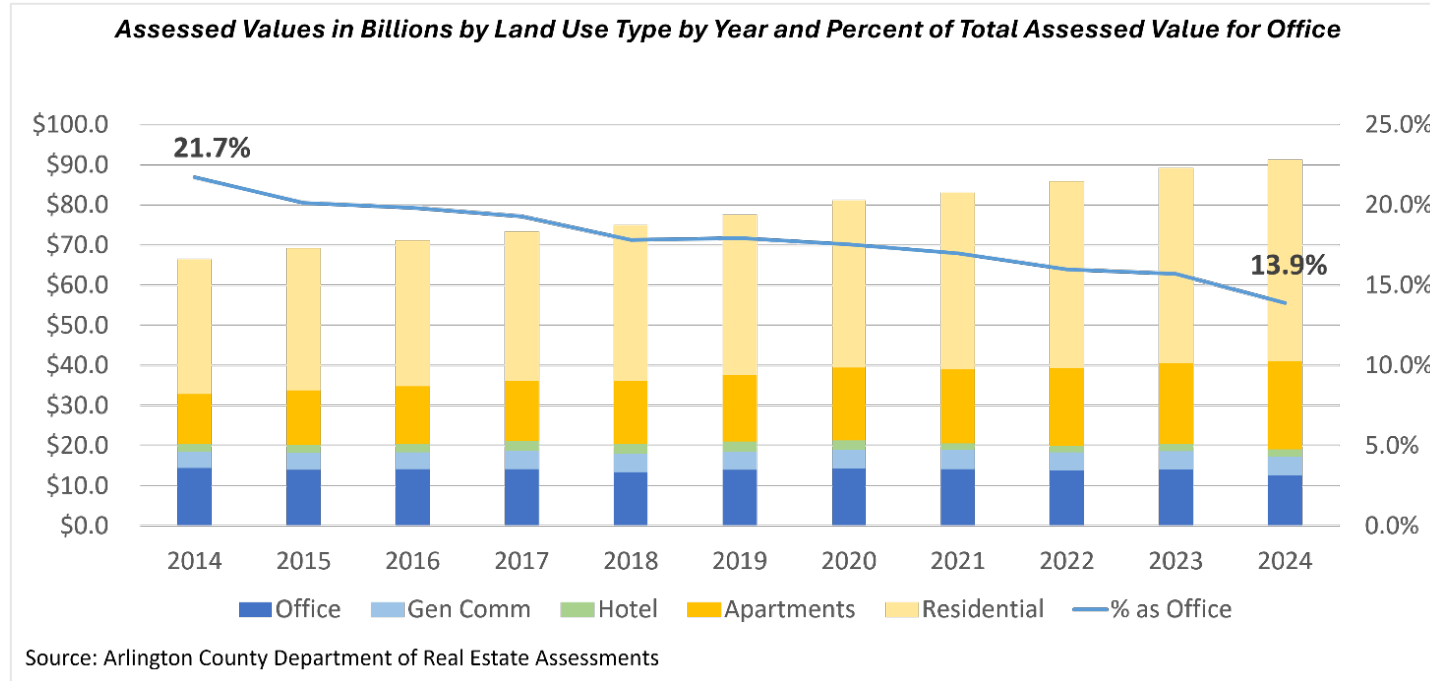
Expected November CB Action

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Expected admin process in place by end of year

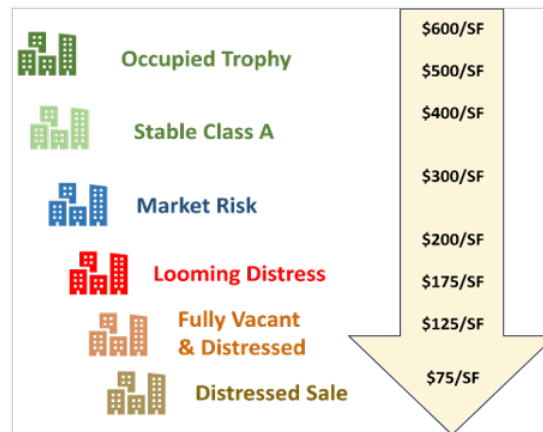
THE WHY

Structural Market Shifts and Impacts on Arlington County



78 Of The 326 Office Buildings in Arlington were determined to be “at-risk” for market distress and significant value decline

22.3m SF of RBA in “At-risk” buildings, or **50.9% Of Total RBA**



The commercial office market weakness has **definitive, harmful impacts on Arlington’s tax revenue base and overall quality of life.**

- Structural supply and demand challenges
- Obsolete office supply
- Declining office values & assessments
- Impact on tax revenues
- Impact on place
- **Worst may be yet to come**

CURRENT PROCESS BARRIERS

- ✓ Change in primary use requires a **major site plan amendment**
- ✓ **Sector plan specificity limits adaptability** to structural changes in market
- ✓ Existing site plan conditions limit flexibility to change use without **potentially triggering updated or additional site plan condition requirements**

The time, cost and uncertainty associated with the current entitlements process limits the ability of owners to make decisions and secure financing for a widest possible range of options to repurpose obsolete office space.

POLICY ON TRANSFORMING OFFICE BUILDINGS

A **bold public policy and regulatory intervention** is required to urgently address the adverse economic, fiscal **and placemaking** impacts on Arlington of a declining commercial office sector AND to **establish as a public priority** new or amended policies, programs and regulatory processes that support and incentivize private-market efforts to **transform the supply of existing, obsolete office buildings to more productive uses.**

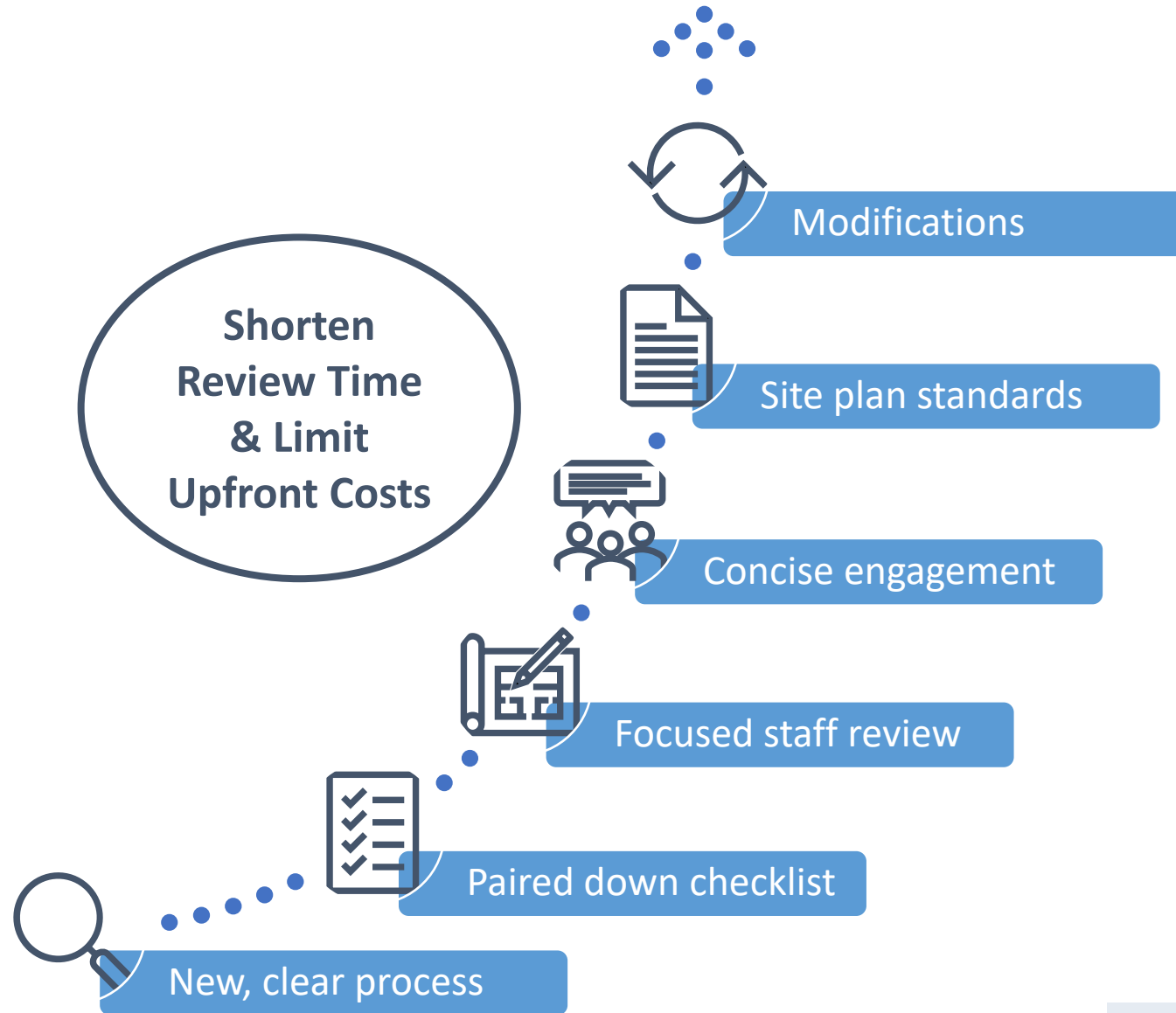
POLICY ON TRANSFORMING OFFICE BUILDINGS

Bold policy required to repurpose obsolete office buildings

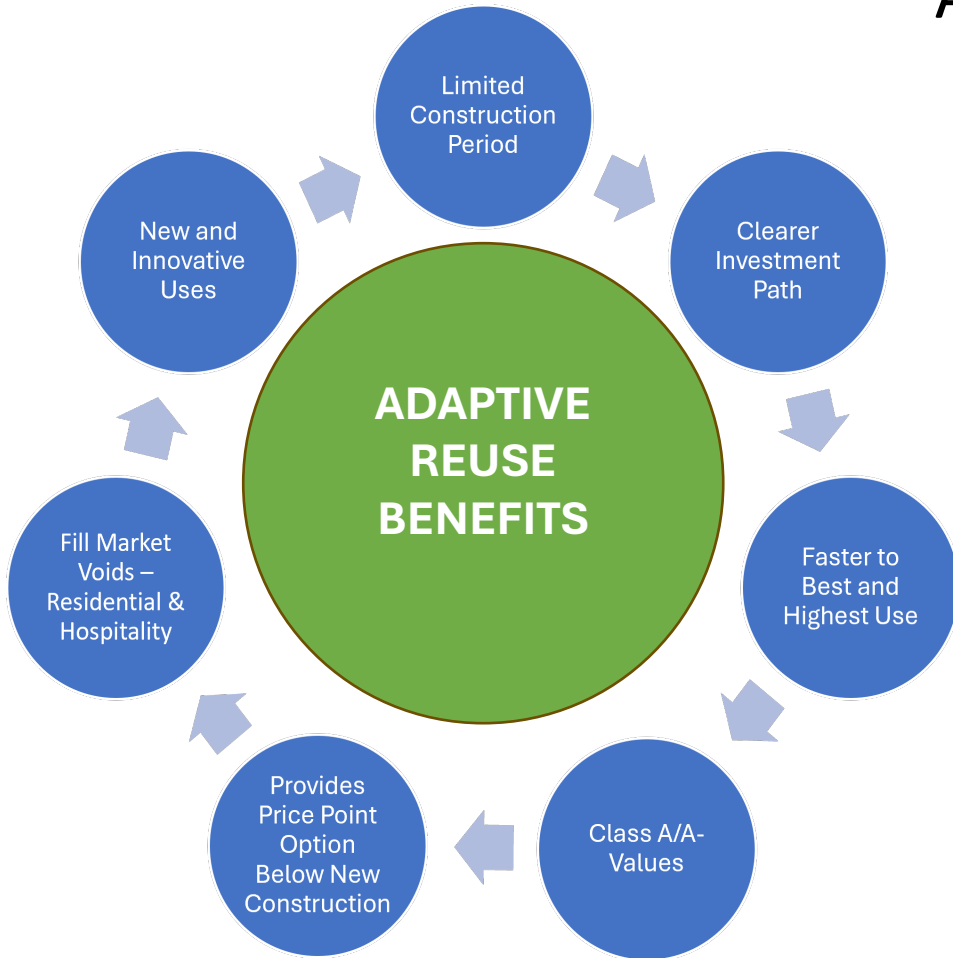
IV.1 Introduces need for “bold, forward-looking and urgent policy response,” specifically focusing on repurposing obsolete office buildings.

IV.2 Establishes repurposing of obsolete office buildings as a PUBLIC PRIORITY

IV.5, IV.6 and IV.8 Establishes and provides guidance on need and framework of a streamlined approach



POLICY FOCUS – ADAPTIVE REUSE



ADAPTIVE REUSE DEFINITION

- Change in primary use from office to other use
- Interior fit out/conversion
- Relatively little change to building or exterior site
- Exceptions:
 - Ground-floor repositioning
 - Rooftops
 - Terraces/Balconies
 - Mezzanines
 - Facade refresh
 - Landscaping refresh, outdoor amenities
 - Unrequired parking to GFA
- No altering of previous community benefits

V.1 Focus on Adaptive Reuse

V.2 New Streamlined approach

V.3.a&b Criteria and limitations

V.4 Streamlined engagement process

V.5 Modification of height and density

V.6 Guidance on other policies/goals

ADAPTIVE REUSE STREAMLINED PROCESS GUIDANCE

Relationship to current process – NEW PROCESS

- Not amending Minor or Major definitions in ACZO
- Coordination with administrative CMRI workstream on Major-Minor-Admin processes for all site plans
- Timing: **Aiming for 120-150 days or less to get to approval from submission**

Method of review and approval – COUNTY BOARD ACTION

- Administrative path considered and studied – but not viable or sufficient
- Will still end with County Board Consideration
- **Context appropriate submittal requirements, staff review and site plan standards**
- **Potential changes to engagement approach**

Criteria and limitations – FLEXIBLE BUT FOCUSED

- Meant to provide guardrails on application types, but flexibility within broader concept
- Key differentiator – **Significant change of principle office use to an alternative use**
- Approved and constructed site plan projects – no FBC or by right as of yet
- **Changes to major community benefits not considered in this new process**

DENSITY ALLOWANCES AND SITE PLAN STANDARDS

Existing building and standards as starting point but amended to reflect the unique nature of Adaptive Reuse proposals.

Density calculation changes under zoning

Ground-floor bump outs

Inclusion of previously excluded SF

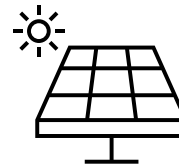
Mezzanines

Balconies & Terraces

Rooftops

Façade replacement

Conversion of unused parking



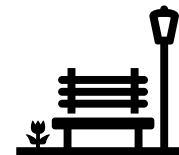
Green Building



Multi-modal
Transportation



Parking & Loading



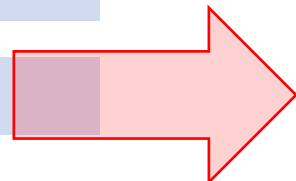
Streetscape
Standards



Landscaping and
Tree Canopy
Standards



Other Legacy Site
Plan Conditions

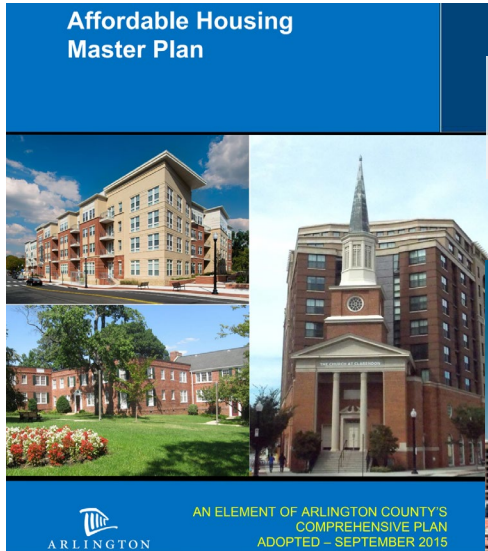
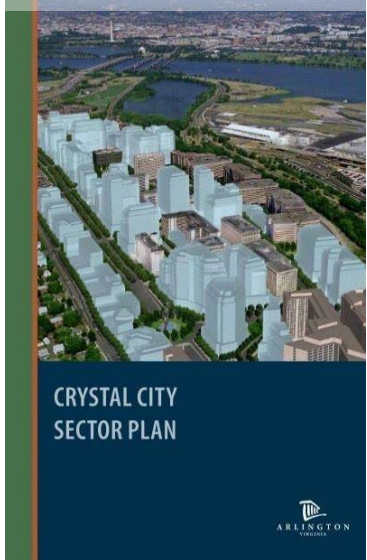


Under discussion – tying density earned through converting existing parking to GFA towards on and off-site improvements relative to transportation demand.

Note: Not an exhaustive list

RELATIONSHIP TO EXISTING POLICIES AND GUIDELINES

Sector plan use guidance and transformative expectations from redevelopment



Affordable housing targets and the role of overall housing production



Aspirational green building goals and incentive program

ADMINISTRATIVE GUIDANCE FOR OFFICE CONVERSIONS

Arlington County
December 2020

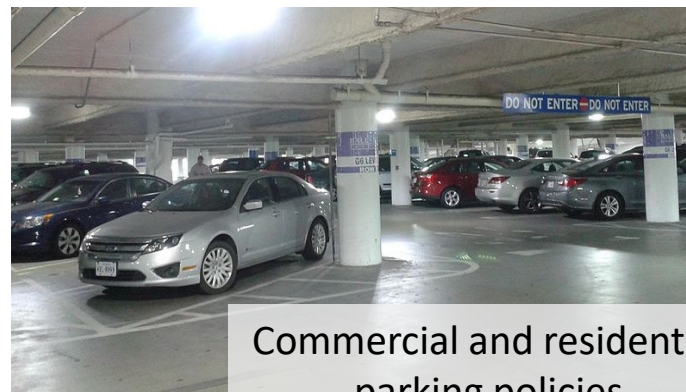
This document outlines the Administrative Guidance for Office Conversions (Administrative Guidance), the purpose of which is to provide consistently applied administrative guidance on Key Areas of Consideration when reviewing office conversion proposals.

CONTEXT

In August 2014, the Arlington Future Office Market Task Force of the Economic Development Commission (EDC) released a report – *Arlington Future Office Market Study* -- outlining some of their key findings relative to systemic shifts in the regional and local office market. This effort was conducted in response to a variety of land use requests to convert existing or planned office uses to other uses, primarily residential. The report stopped short of providing direct guidance on how specific land use requests should be analyzed, but did conclude that a variety of systemic shifts in the regional and local office market require a more flexible approach to the consideration of land use applications that sought to amend the primary use and character of existing or planned office buildings.

In 2020, Arlington remains a highly competitive office location, but within the context of national and regional trends that have dampened overall demand relative to existing and planned supply as well as localized impacts of market events such as loss of leased space through the Base Realignment and Closure (BRAC) Act and shifts in federal government leasing policies. This data provides a baseline for understanding of the current and future status of the Arlington office market.

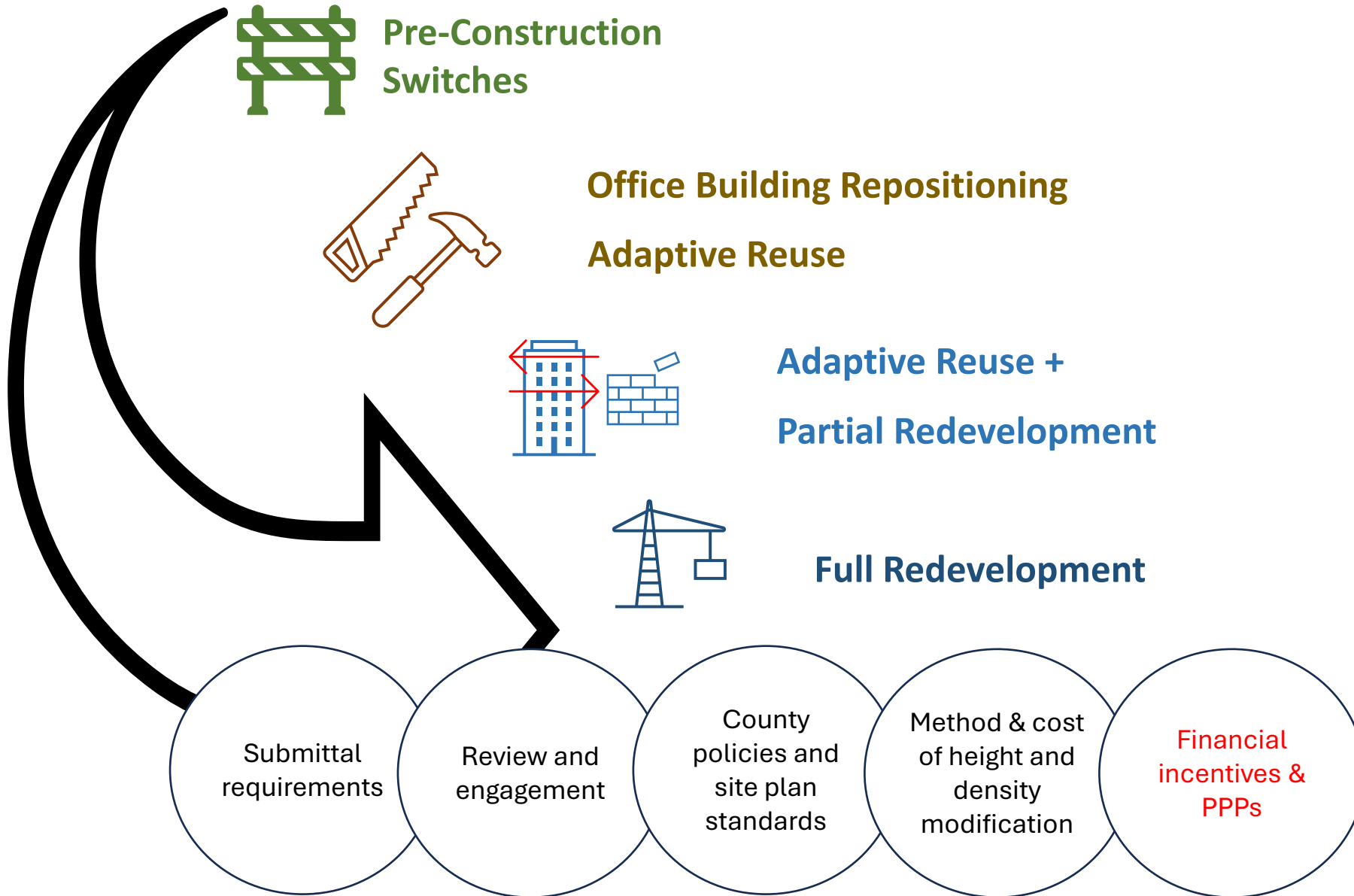
Admin guidelines on considered change of office uses



Commercial and residential parking policies

The new policy shall consider further guidance on how adaptive reuse proposals shall be reviewed when in direct or indirect conflict with adopted sector plans.

POLICY – FUTURE REGULATORY APPROACHES



VI.1 CMRI 1.0 – Allowable Uses

VI.2 Switches

VI.3. Office building
Repositioning

VI.4 Adaptive Reuse +

VI.5 Partial redevelopment

VI.6 Conventional
redevelopment

VI.7 Financial incentives

VI. Xx Public-Private
Partnerships

PROPOSED AMENDMENT TO ACZO

- Purpose of the proposed amendments is to implement the proposed Policy.
- Establish a new category of site plan amendments – *adaptive reuse amendment* with criteria, findings & standards.
- Therefore, using this structure, analogous to other amendment categories, a separate definition is not recommended.

PROPOSED AMENDMENT – CRITERIA

(Lines 44-73)



Qualifies for an Adaptive Reuse Amendment if:

- It is an amendment to a previously approved site plan.
- The site plan has not been previously amended utilizing the adaptive reuse amendment process.
- The principal use of the building is at least 50 percent office.
- The building has been occupied for at least five years.
- More than 50 percent of the office use would be converted.
- Increased density must comply with the proposed §15.5.9.D.1.
- All previous conditions of the approved site plan have been met.



Does NOT Qualify for an Adaptive Reuse Amendment if:

- Changes to the existing roofline height except for rooftop amenity space.
- Increased gross floor area with additions greater than two stories above finished grade.
- Vacation of or amendments to existing public easements.
- Change to any affordable housing, community facilities, sustainable design or other public priorities provided for by the approved site plan.
- Reduction of commitments required by previous County Board approvals.

ADAPTIVE REUSE AND HOUSING

The repurposing of obsolete office buildings

- Is a **Public Priority**
- Requires a **Sense of Urgency**
- Has **Different Economics**
- Supports **Unique Housing Production**
- Tax revenues
- Placemaking impacts
- Challenges → Looming Crisis
- Create market momentum
- No incentive-based density at scale
- Market risk/capital sourcing
- Price points
- Unit type/designs

POLICY - HOUSING

Policy Guidance **DRAFT**

(Revised from Oct 1 Policy version)

Affordable housing payments or units [or other “typical” community benefits] will not be a source of impact mitigation for Adaptive Reuse projects given the minimal change in building form.

For Adaptive Reuse projects 1) no new ADU requirements should be applied and 2) if minimal density increase is requested that density shall be achieved through means other than affordable housing payment or units.

Affordable housing standards could be incorporated if federal, state or local resources are incorporated into a project’s capital stack.

PROPOSED AMENDMENT – CLARIFICATION & APPLICABILITY (Lines 153 – 155)

- Reflects the proposed Policy finding that reduction of obsolete office buildings is a **public priority**.
- Clarifies that *adaptive reuse amendments* are similar to rehabilitation or renovation of development.
- Removes applicability of affordable dwelling unit requirements (§15.5.8).

138 §15.5.8. Affordable dwelling units for increased density within the zoning district
139 regulations

140 A. Applicability

141 1. In exchange for approval by the County Board of a site plan containing density
142 equal to or greater than 1.0 F.A.R., affordable dwelling units (ADUs), or optional
143 contributions to support ADUs in lieu thereof, shall be required in accordance with
144 the following provisions of this subsection.

145 2. The following provisions apply to site plan applications that are consistent with the
146 General Land Use Plan (GLUP). The provisions also apply to site plan applications
147 that include a rezoning application resulting in a use that was not permitted by-
148 right under the prior zoning category provided that the newly permitted use is
149 included within the existing GLUP designation for the site.

150 3. Site plan amendment applications that result in the demolition and rebuilding of a
151 site plan project shall be subject to the requirements hereof at the time of
152 redevelopment. The applicable requirements shall apply only to density that is
153 replaced or rebuilt and any increased density, **with the exception of density as set**
154 **forth in 15.5.9.D.** They shall not apply to rehabilitation or renovation **or adaptive**
155 **reuse amendment** of development subject to site plan approval pursuant to §15.5.

PROPOSED AMENDMENT – ADDITIONAL HEIGHT AND DENSITY (Lines 319 – 342)

- Findings for approval
 - Consistent with the change of use.
 - Reflects the overall reinvestment in the building.
 - Enhances the public realm.

- Types of additional height and/or density
 - Density above the underlying zoning district.
 - Certain rooftop uses.
 - Previously excluded density in the interior of the building.
 - Building façade changes that affect exterior wall widths.
 - Additions to, or enlargement of the building not to exceed two stories above finished grade.
 - Addition of mezzanine spaces.
 - Addition of covered & **enclosed** balconies or terraces.
 - Conversion of gross parking area to gross square footage.
 - Other increases in density the County Board finds are in a similar purpose and level of impact.

ADMIN REGULATIONS & GUIDELINES

Will implement Policy and ZOAs

- Submittal checklist
- Process & Engagement
- Timing
- Site and building standards
- Standard site plan conditions

Process and Timing

- **Does not require County Board approval..**
- **But key to implementation of Policy and ACZO**
- **Desired timing: Application process in place by end of year**

Schedule

- ✓ *July 31, 2024: Lunch & Learn: Virtual Information Session*
- ✓ *September 14, 2024: County Board [Request to Advertise](#) (RTA) (10/1 [amended RTA](#))*
- ✓ *September 24, 2024: Planning Commission's Long Range Planning Committee (LRPC)*
- ✓ *October 1, 2024: Initial **drafts** of [policy](#) and [ACZO text](#) posted*
- ✓ *October 8, 2024: Economic Development Commission*
- ✓ *October 10, 2024: Housing Commission*
- *October 15, 2024: Joint Meeting of the Planning Commission's LRPC & Zoning Committee (ZOCO)*
- *October 17, 2024: Lunch & Learn: Virtual Information Session #2*
- **October 17, 2024: Housing Committee of the Arlington County Civic Federation**
- *October 28, 2024: Climate Change, Energy and Environment Commission (C2E2) – joint presentation with DES and AED/CPHD on green building policy and adaptive reuse*
- *October 28, 2024: Transportation Commission*
- *November 4/6, 2024: Planning Commission Hearing (anticipated)*
- *November 16/19, 2024: County Board Hearing (anticipated)*



ARLINGTON
VIRGINIA

Thank You!

**Questions &
Discussion**

