




County of Fairfax, Virginia

MEMORANDUM

DATE: February 2, 2024

TO: Planning Commission
Board of Supervisors

FROM: Tracy D. Strunk, AICP, Director 
Department of Planning and Development (DPD)

SUBJECT: Office Building Repurposing Status Paper and Next Steps

Attached please find a short status paper entitled “Office Building Repurposing” which provides a written summary of the presentations before the Planning Commission and Board of Supervisors this past summer related to the topic.

As a next step to continue to inform the Planning Commission and Board on this topic, DPD is currently engaged with a consultant and expects land use trend research related to office use that will be used to inform the update to the Comprehensive Plan’s Policy Plan.

DPD is also working closely with the Department of Economic Initiatives to coordinate research and staff discussion around this topic.

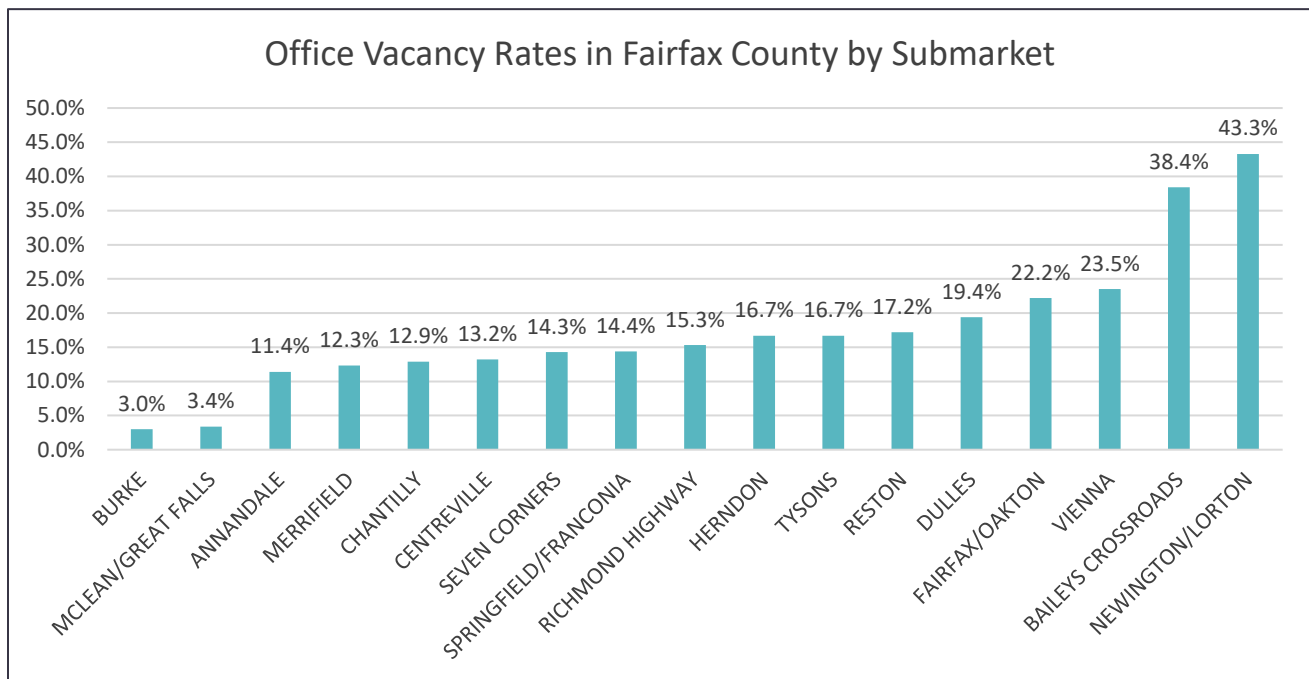
Please feel free to contact me with any questions.



INTRODUCTION

This paper presents the status of office building repurposing in the county.

Data provided during the summer of 2023 to the Planning Commission and Board of Supervisors included information related to vacancy rates through 2022. At the end of 2022, the office vacancy rate in Fairfax County reached 16.7 percent, the highest level in decades.¹ At mid-year 2023, the office vacancy rate was 17.1%.² At the end of 2022, the county’s highest office vacancy rates were found in submarkets that are not served by rail transit, including Newington/Lorton (43.3%), Baileys Crossroads (38.4%), Vienna (23.5%), and the Fairfax Center/Oakton Area (22.2%)¹.



Not evident in the chart is the fact that some of the county’s vacancy rate reflects lease-up of newly constructed and highly amenitized buildings (considered “Class A” type) in proximity to Metro, that are in the process of being occupied. Other, older buildings, especially in the Reston and Tysons submarkets, have already been rezoned for redevelopment and are vacant while awaiting demolition.

¹ SOURCE: Fairfax County Economic Development Authority. [Real Estate Dashboard](#). 2022 year-end.

² SOURCE: Fairfax County Economic Development Authority

The news in 2023 was dominated by the topic of what to do about vacant office buildings in the nation’s urban areas. The editorial board of the Washington Post has repeatedly emphasized the need to repurpose vacant office buildings, with headlines such as ["Downtowns are lifeless. It's a once-in-a-generation chance to revive them"](#). Private sector firms ([Cushman and Wakefield](#), [Streetsense](#)) and industry organizations ([Urban Land Institute](#), [National Association of Realtors](#)) have been researching and analyzing the “office to residential conversion” market. The George Mason University School of Business’s Real Estate Development Program has sponsored several lectures and symposia on the topic over the past six months, featuring industry experts actively involved in realizing office to residential conversions in the greater Washington metropolitan area.

Fairfax County has taken note of office market trends, resulting in the emergence of office building reuse and repurposing as an element of several key countywide plans adopted by the Board of Supervisors (Board) including:

- The Housing and Neighborhood Livability outcome area of the Board’s **Countywide Strategic Plan**, adopted in October 2021 and revised in May 2023, included a strategy to, “Identify and execute creative opportunities to develop affordable housing throughout the county and especially in revitalization areas, including flexible criteria for accessory dwelling units, building reuse, and repurposing...” (HNL 3).
- The **Community-Wide Energy and Climate Action Plan (CECAP)** was adopted by the Board in 2021 as a roadmap for Fairfax County to reduce greenhouse gas emissions and provide a way to engage the community in emissions reduction efforts. The **CECAP Implementation Plan**, published in December 2022, includes an Implementation Action Recommendation to, “Encourage adaptive reuse of existing buildings, particularly vacant buildings,” (Rec. BEE.4).

CHANGES TO OFFICE SPACE USAGE

Previous Study

A Building Repositioning Workgroup (the Workgroup), consisting of county staff and members of industry, was established in the fall of 2015 to examine the conditions in Fairfax County that contribute to office building obsolescence and to identify potential repositioning and/or repurposing solutions to address those conditions. In December 2016, the Workgroup published its final report (the 2016 Report)³. The 2016 Report attributed the shrinking office market in Fairfax County to more efficient office design, increased ease of teleworking, and hoteling, all of which resulted in many types of office work being done in locations other than the traditional office environment.

Beginning in March 2020, the Covid-19 pandemic further amplified the trend towards remote work. Permanent remote jobs now make up 18% of the US professional workforce, up from 3% pre-

³ Office Building Repositioning and Repurposing: Fairfax County Building Repositioning Workgroup Report, December 2016, Fairfax County, VA.

pandemic.⁴ In February 2023 office occupancy nationwide hit a post-pandemic high of 50.4%, according to keycard swipe data from Kastle Systems,⁵ indicating that many office workers still prefer to work at home or other alternative locations. Over the next eight years, office worker density is expected to decline from 190 square feet per employee pre-pandemic to 165 square feet.⁶

Nationwide, the demand for high quality, amenitized office space in mixed-use environments has increased, while demand for older office product with fewer amenities has dramatically shifted downward.⁵ In Fairfax County, most new office building construction is occurring in transit-oriented mixed-use activity centers. This is especially notable along the Silver Line corridor in the Reston and Tysons office submarkets.

The Gensler Research Institute conducted a [U.S. Workplace Survey](#) in 2022⁷ and found that employees want to come back to the office more often if offered the right experiences. Offices that provide well-designed workspaces, modern technology, and amenities like gyms, cafes, clubrooms, and relaxation areas can be a more appealing work environment.

COUNTY REPURPOSING POLICY UPDATES

The [2016 Report](#) included review of an inventory of commercial office structures that might be suitable for repurposing to residential use. Staff performed a high-level survey of office buildings in the county, looking at age, size, and location of structures, along with other relevant characteristics. They concluded that repurposing potential likely existed for approximately 10 to 30 office buildings in Fairfax County at that time based on those characteristics.

On October 18, 2016, the Board authorized a Comprehensive Plan Amendment (PA 2016-CW-4CP) to facilitate the adaptive reuse of vacant and/or underutilized office buildings for alternative uses such as residential or institutional uses. The authorization responded to recommendations developed by the Workgroup, and after a year of study, a new countywide Comprehensive Plan policy was adopted by the Board on December 5, 2017. The adopted amendment added new guidance to the Land Use element of the Policy Plan as a new appendix entitled, “Guidelines for Commercial Building Repurposing” ([Appendix 13](#)). The new appendix provided guidance for considering uses other than those envisioned by the current Comprehensive Plan for vacant office buildings in certain mixed-use centers such as the Tysons Urban Center and the Merrifield Suburban Area, as well as industrial areas. Repurposing proposals that meet the guidelines and performance standards set forth in the appendix can be considered without the need to amend the Comprehensive Plan to recommend residential uses on a site-by-site basis.

Upon adopting the 2017 amendment, the Board also directed staff as a follow-on motion to prepare an amendment that would expand the guidance to office buildings that are located outside of activity

⁴ Popken, Ben. Full return to office is 'dead,' experts say — and remote is only growing. NBC News, Jan 7, 2022.

⁵ Peck, Emily. Office occupancy hits post-pandemic high. Axios, Feb 3, 2023.

⁶ Obsolescence Equals Opportunity: The next evolution of office and how repositioning and repurposing will share the future. Cushman & Wakefield. 2023.

⁷ Returning to the Office: U.S. Workplace Survey. Gensler Research Institute, 2022.

centers, and to evaluate applicability to other vacant commercial buildings in addition to offices. That amendment (PA 2017-CW-5CP) was adopted by the Board on May 1, 2018.

The Guidelines for Commercial Building Repurposing are intended to facilitate the conversion of vacant, partially vacant, and underutilized commercial office, retail, and service buildings to alternative land uses not envisioned in the Area Plan volumes of the Comprehensive Plan. Proposed commercial building repurposing projects that meet the Guidelines' Performance Standards (related to compatibility, transportation impacts, site design, public facility impacts, environmental impacts, affordable and workforce housing, and historic preservation) can occur more quickly and at lower costs because site-specific Comprehensive Plan Amendments are not necessary prior to zoning application review.

The increased flexibility in the land development process provided by the Policy Plan's Guidelines for Commercial Building Repurposing has led to several successful office building repurposing projects in Fairfax County. Completed, approved, and pending office repurposing projects are described in the next section.

REPURPOSING ACTIVITY

Since 2014 and through October 2023, the Board approved six zoning applications for eleven office buildings to be repurposed to residential uses totaling 2,139 units. One application is under review, and one was deferred. Table 1 lists the approved and pending office repurposing zoning cases and associated Comprehensive Plan amendments (if any). Table 2 lists the Plan Amendments on the Comprehensive Plan Amendment work program with options for repurposing of existing office buildings. Figure 1 shows generally where the subject buildings are located.

Highlights of these projects include 180 senior independent living units in two buildings in Fair Lakes and 1,380 live/work lofts in six buildings in Baileys Crossroads. Two of these zoning applications were preceded by site-specific Comprehensive Plan amendments. The first approval, for the Mission Lofts at 5600 Columbia Pike, occurred in August of 2014. It was this building conversion that led to the establishment of the Building Repositioning Workgroup, 2016 Report, and subsequent Policy Plan amendments. Other zoning applications were approved in 2019, 2020, and 2023, after the Policy Plan was updated. In addition to the Mission Lofts at 5600 Columbia Pike, several live/work loft buildings have begun to be occupied at Skyline in Baileys Crossroads.

Two Site-Specific Plan Amendment (SSPA) nominations were filed in 2022 with options for three office buildings to be converted to residential units along with other new uses. These were added to the Comprehensive Plan amendment work program in April 2023.

Table 1: Approved and Pending Office Repurposing Zoning Applications in Fairfax County

Map reference #	Zoning Application (Plan Amendment) Number	Project Name	BOS approval date	# of Buildings & Class*	Existing GFA	# of units	Supervisor District
1	RZ-FDP 2014-MA-014 (PA #2014-I-B2)	5600 Columbia Pike (Mission Lofts)	8/20/2014	1 Class B	173,000	157	Mason
2	PCA 82-P-069-23, CDPA 82-P-069-10, FDPA 82-P-069-01-19 (PA #2015-III-FC1)	Fair Lakes ILF, FAIR LAKES LAND BAY VI-A, Fair Lakes North & South	10/29/2019	2 Class A	264,245	180	Springfield
3	PCA C-052-09	Skyline Center Buildings 1, 2, and 3	7/22/2020	3 Class A, Class B (Bldg. 3)	847,680	720	Mason
4	RZ-FDP 2020-PR-015	Flint Hill	Deferred	1 Class A	160,000	149	Providence
5	RZPA-2022-MA-00054	Skyline 4 LLC and 5111 Leesburg LLC (Buildings 4 & 5)	2/21/2023	2 Class B	572,724	510	Mason
6	RZPA-2022-PR-00119	Madison Live/Work Lofts in Tysons	10/24/2023	1 Class A	257,458	250	Providence
7	RZ 2022-PR-00017	Madison Highland Live/Work Lofts, Gatehouse/Telstar Ct	6/27/2023	2 Class A	334,000	322	Providence
8	RZ-2023-PR-00005	8221 Old Courthouse Road (Dittmar)	Under review	1 Class B	47,310	55	Providence

SOURCE: Fairfax County PLUS database

* Building Class data from CoStar

Table 2: Plan Amendments with Office Repurposing Options

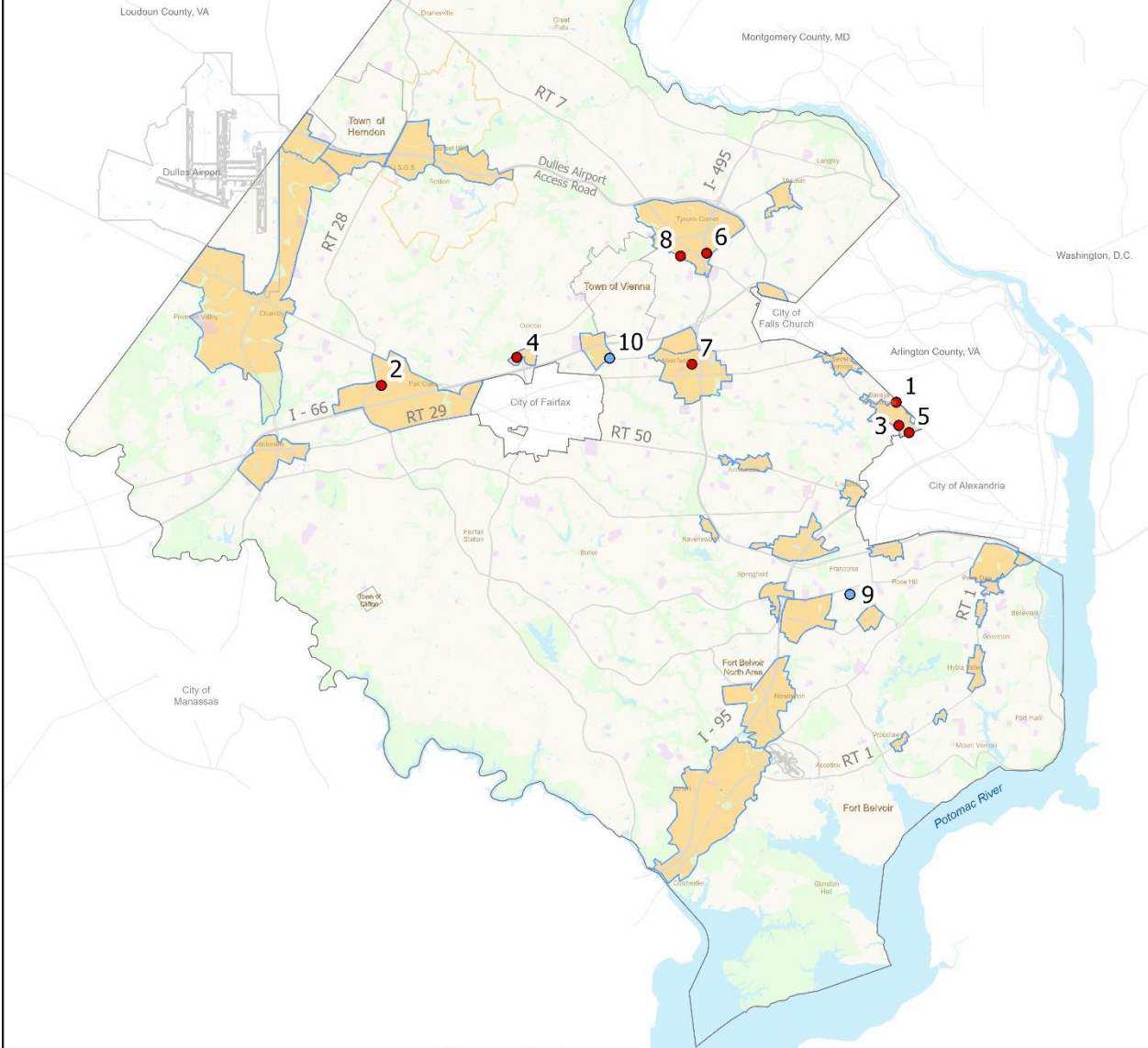
Map reference #	SSPA # and Name	Nomination Description
9	SSPA 2023-IV-2S (LE-003 – Beulah Street)	Repurpose a three story, 36,500 square foot medical office building into multi-family units.
10	SSPA 2023-II-2V - Hunters Branch Office Complex (ICF Building)	Option 1 of this nomination proposes the adaptive reuse of two 12-story office buildings for multifamily residential use, senior living, and/or a Continuing Care Facility.

SOURCE: Fairfax County Department of Planning and Development



Approved and Pending Office Repurposing Sites

in Fairfax County, Virginia



Approved and Pending Office Repurposing Zoning Applications and SSPA Nominations

- - Zoning Application Sites*
- - SSPA Nomination Sites*
- Mixed-use Centers

*Numbered dots correspond to items in Table 1 & Table 2



This map was created by Department of Planning and Development using Fairfax County GIS. File location: \\ocp\pd\OTPA_GRAPHICS\S22_items\2022-CW-2CP Countywide Policy PA - M. Keeney - 7/13/2023

Figure 1: Office Repurposing Sites (Zoning Applications and Plan Amendments)

FEASIBILITY AND CONSIDERATIONS

Planning staff reviewed several recent industry reports that discuss and assess the feasibility of converting office and other commercial buildings to multifamily residential and other non-office uses. Table 3 below lists the reports that informed this white paper. Planning staff also attended several lectures and symposia sponsored by the George Mason University School of Business’s Real Estate Development Program that discussed the challenges and opportunities of repurposing obsolete office buildings to residential and other non-office uses.

Table 3: Recent Industry Reports on Office Building Repurposing

Analysis and Case Studies on Office-to-Housing Conversions. National Association of Realtors Research Group. November 2021.
Behind the Façade: the feasibility of converting commercial real estate to multifamily. Urban Land Institute Center for real Estate Economics and Capital Markets. 2023.
Obsolescence Equals Opportunity: The next evolution of office and how repositioning and repurposing will share the future. Cushman & Wakefield. 2023.
Ready for Reinvention: 2023 Real Estate Trend Report. Streetsense. 2023.

The Cushman & Wakefield report notes that over 70% of the nation’s office buildings were built prior to 1990 and upwards of 25% of office stock throughout the country is growing increasingly undesirable. In Fairfax County, approximately 70% of the existing office buildings comprising approximately 50% of existing office square footage was built prior to 1990⁸. These buildings may need significant capital reinvestment to be made relevant for the future, which may lead property owners to consider demolition. Adaptive reuse opportunities include conversion of existing office buildings to multi-family residential units, schools and other public facilities, self-storage facilities, vertical farms, data centers, biomedical labs, and other light industrial uses. Repurposing efforts can also convert a portion of a building to residential use while retaining square footage for other uses, thus creating a mixed-use project.

Not every vacant office building is appropriate or desirable for conversion to other uses, however. A variety of factors must be in place to ensure success. These are discussed below, along with common challenges, and suggested incentives that may counteract some challenges and obstacles to repurposing.

⁸ Data from CoStar

Success Factors

Location and Land Use

Opportunities to repurpose existing office buildings are highly dependent upon building location, surrounding land uses, underlying zoning, and local policies and regulations. If a building is located on property that is planned and zoned for commercial uses only, introduction of residential uses may be challenging, but can also be the start of a more walkable mixed-use neighborhood. Fairfax County's "Guidelines for Commercial Building Repurposing" Policy, adopted in 2017 and expanded in 2018, eliminates many of these policy issues and reduces the timeframe necessary to obtain permission for a change in use. Community buy-in and support for office repurposing is critical to project success. Fairfax County's existing Policy is a signal that this type of development can be welcomed and encouraged depending upon adjacent uses and neighborhood context.

Architectural Features

The size and shape of an office building's floorplate is critical to successful conversion to residential use. Long and narrow rectangular floorplates are ideal. Hotels have this type of floorplate and are ideally suited for repurposing to residential use. The lack of windows and natural light in the interior portions of buildings may not be a problem for commercial uses, but windows and natural light are critical for residential use and are necessary to meet the Virginia state building code requirement for an Emergency Escape and Rescue Opening (EERO) in bedrooms. Some projects may need to add an interior courtyard or light well to solve this problem, otherwise, addressing code requirements for light and points of egress in bedrooms may result in long and narrow apartments, or other unusual configurations of floor plans that may not be attractive in the marketplace.

Large office building core spaces may be repurposed to other, complimentary uses (such as fitness centers, lounge or theater spaces, and other similar uses that do not require natural light), while residential units are located around the perimeter of the building. Other creative uses for building cores could include storage space, vertical farming, maker space, and other commercial and light industrial uses.

Financial Conditions

Conversion of an office building to residential use is feasible when per-square footage rents for apartments are higher than what a building can garner for office and are large enough to cover the capital cost to convert the building to the new use. Vacant or partially vacant buildings result in lower costs to the developer than fully occupied buildings. One-tenant buildings are easier to manage, with one lease to consider. Multiple tenants mean a developer will have to wait out all the leases or buy some tenants out.

Challenges

Location and Land Use

While in many places zoning regulations and planning guidance can limit or prohibit office to residential conversions, Fairfax County's repurposing policy sets clear guidance for areas where repurposing would be appropriate and streamlines the planning process for sites in those areas. Fairfax County's Zoning Ordinance already includes zoning districts that are suitable for this type of project, and the County's Zoning Modernization project increased flexibility for uses that are complimentary to residential uses in commercial districts.

Buildings in a suburban office park may lack access to the public services and amenities that people need and expect where they live. Investment in the spaces outside of building footprints may be necessary to create new livable neighborhoods and communities with adequate open space, recreational facilities, retail services, and other amenities. The county's repurposing policy offers criteria that foster the discussion and review of these considerations.

Architectural Features

As mentioned previously, many office buildings typically have floorplates that make it difficult to bring natural light into the core of a building. As discussed above, interior courtyards or light wells may be needed to add natural light, new windows added, or unusual configurations of floor plans may be necessary. Building systems may be old, outdated, and in need of updating or replacing. Plumbing and HVAC retrofitting will likely be needed to serve individual units and bathrooms.

Financial Conditions

The ability to obtain project financing is critical. Developers with properties in their portfolio that are fully paid-off are in a better position to repurpose those assets than developers who must include the cost of purchase in overall project costs.

Costs to retrofit office buildings for residential use vary widely. Designing a conversion can take longer than designing a project from the ground up, but conversions take less time from start-to-finish and are generally cheaper. Estimates from \$100 per square foot up to nearly \$700 per square foot are common and vary based on the scope of work. Buildings that need entirely new façades, extensive plumbing and HVAC retrofits, asbestos remediation, as well as other capital-intensive projects will cost more.³

CONCLUSION

Fairfax County's repurposing policy has been successful in its effort to streamline the development process for office-to-residential building repurposing projects. The framework is in place in Fairfax County from a comprehensive planning policy perspective to encourage repurposing. If it is determined that changes to the policy should be explored, inclusion of hotel use in the repurposing policy could be considered.

Additional incentives for office building repurposing could be explored, if directed by the Board of Supervisors. As an example of an incentive program, the County's Economic Incentive Program (EIP) continues to attract significant interest from the development community and property owners. Since its establishment in September of 2020, eight applications have been approved by the Board of Supervisors, with three approvals in 2023 alone. Two of the projects approved in 2023 were in the McLean CBC and one was in the Annandale CBC. The McLean projects include an expansion of the Mars Headquarter building and a new multifamily residential building with a small amount of retail on the site next door to Mars. The Annandale project will result in a new multifamily residential building with some ground floor retail in the heart of the CBC, serving as an important catalyst in that market. In Baileys Crossroads and used for office building repurposing, renovations on Skyline Building 1 are now complete with Buildings 2 and 3 expected to be completed in early 2024. Skyline Buildings 1, 2 and 3 was the first project approved under the EIP and will be the first project to receive a real estate tax abatement starting in 2024. The developer cited the EIP as making the difference in the feasibility of converting these three former office buildings into live-work units. Two more Skyline buildings (Buildings 4 and 5) have also been approved under the EIP to create live-work units from former office space.