



PROPOSED COMPREHENSIVE PLAN AMENDMENT

ITEM: PA 2016-CW-4CP
September 18, 2017

GENERAL LOCATION: Countywide

SUPERVISOR DISTRICT: All

PLANNING AREA: All

PLANNING DISTRICT: All

SUB-DISTRICT DESIGNATION: All

PARCEL LOCATION: All

Office Building Repurposing
For additional information about this amendment call (703) 324-1380.

PLANNING COMMISSION PUBLIC HEARING:
Thursday, November 2, 2017 @ 8:15 PM

BOARD OF SUPERVISORS PUBLIC HEARING:
Tuesday, December 5, 2017 @ 4:00 PM

**PLANNING STAFF DOES RECOMMEND
THIS ITEM FOR PLAN AMENDMENT**



Reasonable accommodation is available upon 48 hours notice. For additional information about accommodation call the Planning Commission office at (703) 324-2865, or the Board of Supervisors office at (703) 324-3151.

MAP NOT APPLICABLE

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STAFF REPORT FOR POLICY PLAN AMENDMENT 2016-CW-4CP

BACKGROUND

On October 18, 2016, the Fairfax County Board of Supervisors (Board) authorized 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. As of December 2016, the inventory of vacant office space exceeded 18.4 million square feet. The authorization responded to recommendations developed by the Fairfax County Building Repositioning Workgroup (the Workgroup), which was established by the Board 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 these conditions. Repositioning of an existing building refers to a strategy whereby alterations and improvements are made to an office building to make it more competitive in the current market while retaining the office use. Repurposing of an existing building is a change in use, such as a conversion from office to residential, institutional, retail, light manufacturing, or public uses. The authorization also supports recommendations of the *Strategic Plan to Facilitate the Economic Success of Fairfax County* (Economic Success Plan), developed by the Fairfax County Economic Advisory Commission and adopted by the Board in March 2015.

The Workgroup sought to understand the impacts of the changing office market within the Washington, DC metropolitan region on existing office structures; market-driven changes in building uses over time; changes to building value with physical improvements; and any policy and regulatory changes that the county should consider to address the challenges and opportunities raised. The Workgroup recommended a number of actions, including revisions to County policies, processes, and the Zoning Ordinance that would facilitate repositioning and repurposing, as well as targeted outreach and information sharing. One of those recommendations, under the heading of “Make Changes and Modifications to Land Use and Planning Policy” states:

Amend the Policy Plan portion of the Comprehensive Plan to create policy guidance in support of repurposing existing commercial structures to residential and other uses. This new Appendix, “Guidelines for Building Repurposing,” should provide guidance on which areas are suitable for repurposing as well of on issues of general site characteristics and relationships to adjacent uses.

Zoning issues related to building repurposing are being considered in two Zoning Ordinance Amendments currently underway. The first is related to the Minor Modifications provisions of the Zoning Ordinance which is proposing to add additional flexibility to the current administrative procedures to allow minor changes to approved zonings. The second amendment is related to restaurants. In it, staff is exploring ways to facilitate the location of restaurants in office buildings. This staff report, PA 2016-CW-4CP, concentrates on the recommended Policy Plan amendment to the Comprehensive Plan.

PROPOSED PLAN AMENDMENT

The Policy Plan amendment considers countywide policy guidance that would facilitate the repurposing of vacant office buildings whose obsolescence cannot readily be alleviated through strategies to retain the existing use. Building repurposing is defined as changing the use in all or part of an existing office building that is no longer competitive or viable in the current market, for example, a conversion from office to residential or office to institutional use, as was done with the Baileys Upper Elementary School. In addition, there may be an opportunity to convert office uses to emerging uses, such as co-working, co-living, makerspaces, food incubators, urban farming or flexible live/work units, which challenge traditional notions of the separation of individual uses within a single site, space or building, particularly in relation to planning policies and zoning regulations. The repurposing of existing buildings is frequently more sustainable than the demolition and replacement of structures and can shorten the time of bringing the building to market. Changes to these uses have often required an authorization of an amendment to the Comprehensive Plan by the Board of Supervisors if the proposed use is not consistent with the planned use.

This proposed amendment would add an appendix to the Land Use section of the Policy Plan entitled “Guidelines for Office Building Repurposing.” The new appendix would establish guidance for considering uses other than those envisioned by the adopted Comprehensive Plan for vacant office buildings in certain mixed-use centers such as Tysons Urban Center, the Merrifield Suburban Area, Community Business Centers as well as industrial areas. Repurposing proposals meeting the guidelines set forth in the new appendix can be considered to be in conformance with the Comprehensive Plan even if the proposed use is not specifically recommended. The guidance if adopted would not preclude the Board’s ability to authorize a Comprehensive Plan amendment as per county policy. Furthermore, most office repurposing projects will need a rezoning approval by the Board of Supervisors, so opportunities for public input in these proposals will occur as part of the development review process.

ANALYSIS

Office Vacancy Rates

Since 2010, Fairfax County added almost 47,000 jobs and experienced a very low unemployment rate, which stood at 3.2 percent in January 2017, approximately 33 percent lower than the national rate of 4.8 percent. In addition, commercial leasing activity is strong, as evident by a stable trend over the past decade. Demand for new office inventory is also occurring, with almost 2.5 million square feet under construction. Irrespective of these positive trends, Fairfax County has historically high levels of available office space. The Fairfax County Economic Development Authority (FCEDA) reports that, in December 2016, the direct vacancy rate for office space was 15.8 percent.¹ This results in approximately 18.4 million square feet of available direct office space, which is defined as office space available for lease that does not include space available for subletting. While the direct vacancy rate has dropped slightly since

¹Fairfax County Economic Development Authority Real Estate Report Year-End 2016 (<http://www.fairfaxcountyaeda.org/sites/default/files/publications/ye16rer.pdf>)

December 2015, it has remained in the double digits since 2007 at levels not seen since 1990 and 1991.

The overall office vacancy rate is not equal across all office classes. There is generally a higher vacancy rate found in Class B and Class C office buildings, which are typically older structures that lease at average or below average rents compared to the newer and higher quality Class A structures. The gap between the two is generally higher in areas, such as Tysons Urban Center and other mixed use centers where newer Class A office product has recently been constructed, often with tenants moving from existing office spaces into newly delivered buildings. Due to the continuing high office vacancy rate, new policy that streamlines options for the future for some or all of the vacant office buildings needs to be considered.

Economic Success Goals

The Economic Success Plan, developed by the Economic Advisory Commission and approved by the Board in March 2015, establishes a vision and goals to guide economic growth and success, and specific actions to grow economic prosperity. Two of the goals of the Economic Success Plan support the subject Policy Plan amendment:

Goal 2.8: Study and implement ways to repurpose empty or obsolete commercial space for residential uses; urban schools or other public facilities; art and cultural purposes; live/work/manufacture uses; and/ or start-up companies. Engage stakeholders in research and recommendations.

- a. Consider implementation tools such as land use and regulatory changes, innovative tax policies, and the use of public seed money or equity participation to spur or support redevelopment and infill, revitalization, and partnership opportunities for repurposing.

Goal 3.1: Streamline the process for amending the Comprehensive Plan. This would allow for greater agility and flexibility to respond to specific business opportunities and could reduce the overall time to market.

- a. Improve the process by which Plan amendments are considered concurrently with a development application.

The proposed amendment is a tool to continue ensuring that proposed uses are consistent with guidance within the Plan while:

- achieving more efficient review process for the public, Planning Commission, Board of Supervisors and property owners and county staff;
- facilitating the timely repurposing of vacant structures into financially viable uses; and,
- adding to the economic strength of the county.

Plan Amendment Geographic Focus

As discussed next, a review of several factors led to the selection of the areas within which a building repurposing policy is proposed to be available. These are vacancy and building age, the Concept for Future Development and revitalization designations, and impact mitigation opportunities.

Vacancy and Building Age

The county collects office building vacancy data from CoStar in the second quarter of each year. An analysis of the data from the second quarter of 2017 was conducted for this report. The data focuses on activity centers designated by the Concept for Future Development as community business centers, transit station areas, suburban centers, industrial areas, and the urban center. Examples of the areas that have concentrations of older buildings (10 years or greater) with a vacancy rate that exceeds 70% include Dulles Suburban Center, Reston-Herndon Suburban Center, Fairfax Center Suburban Center, and Tysons Urban Center. Staff also collected CoStar data on office buildings located outside of activity centers, and found that only three office buildings outside of activity centers have a vacancy rate of 70% or greater, compared to over 60 buildings located inside activity centers that have a vacancy rate of 70% or greater.

Concept for Future Development and Revitalization Designations

The Concept for Future Development recommends that almost all employment growth should occur in the designated Mixed Use Centers and Industrial Areas. Mixed Use Centers also introduce a substantial residential component into these employment centers with design guidance in the Comprehensive Plan to foster functional and aesthetic integration of residential and non-residential land uses. These areas also include policies that support mitigating the impacts of mixed-use development through such strategies as transportation demand management, public transportation, and supplemental environmental guidance. Furthermore, by focusing new residential and commercial development in Mixed Use Centers, the pressure of development is reduced on stable residential areas.

Several of the Mixed-Use Centers also are designated as Revitalization Districts or Areas. The purpose of these areas is to renew and improve older commercial and residential areas through any of a series of actions or programs that encourage and facilitate private and public investment. Revitalization initiatives further business development, promote public and private investment and reinvestment, and seek to prevent or eliminate the negative effects of deteriorating commercial and industrial areas.

Within Industrial Areas, office uses tend to have higher vacancy rates than office uses in Mixed Use Areas. This has occurred as the market has changed. A path to more easily introduce light industrial, urban agricultural and institutional uses by supporting office repurposing would be consistent with another Economic Success plan goal to preserve existing designated Industrial Areas.

Conversely, Suburban Neighborhood Areas and Low Density Residential Areas as designated on the Concept for Future Development are predominantly low-density, residential neighborhoods that may also contain limited amounts of neighborhood-serving commercial uses, older office uses, public facilities, and institutional uses where appropriate. Any proposed office building repurposing in these areas would require more rigorous review due to the proximity to neighborhoods and compatibility would be of main concern. In these areas, the need for a site-specific Comprehensive Plan amendment would remain. This would allow for public engagement with the plan amendment as well as with the zoning application.

Based on the review of these criterion, the proposed Plan amendment recommends application of the new policy to Mixed Use Centers and Industrial Areas. These areas are home to the highest concentration of office buildings with the greatest vacancy rates and may most immediately benefit from such a policy. In addition, Mixed Use Centers provide adopted design guidance to achieve compatible integration of a variety of residential and non-residential uses. In areas planned for industrial use, there has been a significant amount of office. Focusing this plan amendment on Mixed Use and Industrial Areas is consistent with revitalization efforts. For proposed conversions outside of activity centers, other established procedures for plan amendments may be used.

Performance Criteria

The repurposing of a building involves the reuse of an existing building on a developed site. This may constrain the ability of the repurposing to achieve certain Policy Plan objectives that may otherwise be achieved with a new development; therefore, guidance should be considered that identifies policy expectations and areas where flexibility in the application of certain objectives may be appropriate.

The following is a summary of Plan guidance proposed for the new appendix as performance criteria. If a project meets the criteria, the use could be considered to be in conformance with the Comprehensive Plan.

1. Compatibility:

Repurposing projects should occur in a manner that is compatible with the surrounding development. Projects that propose a repurposing from office to residential uses should consider the proximity of amenities that support residential uses, such as schools, shopping, and recreation opportunities.

2. Transportation:

Repurposing projects should provide enhanced pedestrian connectivity and make improvements to vehicular access and circulation, if possible.

3. Site Design:

Site design elements such as enhanced landscaping and integrating public spaces such as urban plazas and parks are recommended. To enhance site amenities and open space, excess surface parking should be removed if the new use requires less parking than the previous office use.

4. Schools, Parks, and Other Public Facilities

For residential projects, impacts to schools, parks, and other public facilities should be considered in proportion to the number and type of residential units that are being added.

5. Environment

Green building practices should be considered when renovating a building. In addition, for new uses noise impacts should be considered. Enhanced stormwater management facilities are also anticipated; however, flexibility can be granted in cases where achieving the stormwater management standards is not practical.

6. Affordable and Workforce Dwelling Units

For projects that include converting office to residential uses, Affordable Dwelling Units (ADUs) and Workforce Dwelling Units (WDUs) should be provided in accordance with the adopted zoning ordinance and Board policy.

7. Historic Preservation

Buildings subject to conversion should first undergo appropriate historic preservation review, including coordination with county staff, to minimize potential impacts to historic structures.

CONCLUSION

The proposed amendment supports existing goals found in both the Comprehensive Plan and the Board's Economic Success Plan. The proposed text creates a balance between allowing for flexibility for uses, while addressing site and transportation-related issues. Allowing flexibility in use in response to market conditions and emerging trends has the potential to renew areas by fostering rehabilitation of existing older buildings, and improving landscaping and pedestrian circulation, which is consistent with the Board's goal for revitalization as outlined in the Policy Plan.

RECOMMENDATION

Staff recommends the following modifications as shown below. New text is shown as underlined:

ADD: Fairfax County Comprehensive Plan, 2013 Edition, Glossary, as amended through March 14, 2017:

CO-LIVING: A residential use where residents occupy separate units, which also offer significant communal space intended to encourage residents to socialize and pursue a variety of activities.

CO-WORKING: A situation in which two or more people are working in the same place together, but not necessarily for the same organization. Co-working spaces can consist of shared desks or private office spaces and can be used by businesses with one or more employees depending on the type of space available. These facilities typically include such amenities as utilities, shared conference rooms, common areas, printing, shared kitchens, and break rooms

and frequently operate on a membership basis, allowing individuals and businesses to use them on an as-needed basis.

LIVE/WORK UNITS: A unit consisting of both a commercial/office and a residential component, or, alternatively, units within the same building that are convertible to either a commercial/office use, residential use, or both.

MAKERSPACE: Community workshop facilities that integrate multiple uses at a single site, and may include a retail component. The multifunctional nature of the space, with its emphasis on technology and creation, aligned with a spirit of community education and engagement, creates a culture of discovery and innovation for makers of all ages. Typical uses could include computing and technology as well as artisans such as woodworkers, tailors, metalsmithing, or bakers.

OFFICE BUILDING REPURPOSING: A change in use, such as a conversion from office to residential, live/work, institutional, public facilities, retail, or light manufacturing uses.

URBAN AGRICULTURE: The cultivation and distribution of food or other agricultural products in a densely populated area.

ADD: Fairfax County Comprehensive Plan, 2013 Edition, Policy Plan, as amended through March 14, 2017, Land Use - Appendix, a new Appendix as follows:

“APPENDIX 13

GUIDELINES FOR OFFICE BUILDING REPURPOSING

High office vacancy rates are caused in part by the evolving needs and preferences of office tenants. Many older office buildings can no longer compete with newer office buildings built in transit-accessible, mixed-use activity centers. Often the vacant buildings cannot readily be leased, resulting in the need to consider improving and marketing the buildings for a different use. Office repurposing encourages the development of a wide range of alternative uses that support the planning objectives for the county’s activity centers and helps to reduce office vacancy and improve the County’s economy. The repurposing of office buildings can be an important element in the county’s strategy to revitalize communities, provide needed housing, and accommodate emerging development trends and uses. Emerging uses, such as food incubators, urban agriculture or flexible live/work units, have been shown to promote economic development and the diversity and vitality that characterize successful communities.

The Guidelines for Office Building Repurposing are intended to facilitate the conversion of vacant office buildings located in designated Community Business Centers (CBCs), Transit Station Areas (TSAs), Suburban Centers, the Tysons Urban Center, and Industrial Areas to alternative land uses not envisioned under the adopted Comprehensive Plan.

Office buildings that are repurposed per these guidelines may be deemed to be in conformance with the Comprehensive Plan. Flexibility is anticipated when applying Plan guidance in the review of zoning applications. Office building repurposing should not preclude future redevelopment nor critical logical consolidation, roadway improvements, parks, and/or other public facilities. Moreover, a repurposed office building should not result in land use conflicts that will compromise the use and/or operations of properties nearby.

The following types or mixture of types of repurposing may be appropriate in the Tysons Urban Center, CBCs, TSAs, Suburban Centers, and Industrial Areas:

- Office to Light Industrial or Urban Agriculture. This can include industrial/flex, light manufacturing uses such as makerspaces and 3-D printing; and/or
- Office to Institutional and/or Public Facilities uses.

The following types or mixture of types of repurposing may be appropriate in the Tysons Urban Center, CBCs, TSAs, and Suburban Centers:

- Office to Retail and other Commercial uses;
- Office to Indoor Recreational uses;
- Office to Residential use;
- Office to Live/Work use; and/or
- Office to Hotel use.

The following performance-based strategy is intended to be used to review proposals for repurposing existing office buildings for alternative uses. This guidance sets forth criteria to ensure proposals are compatible with surrounding uses and can be supported by existing infrastructure. Because the repurposing of office buildings presents unique challenges and opportunities, flexibility in achieving certain objectives may be afforded, particularly when the conversion will not significantly change the building form and footprint.

1. COMPATIBILITY:

Office repurposing should occur in a manner that is compatible with the existing and planned surrounding development. A complementary relationship is expected with adjoining properties and surrounding neighborhoods, especially in cases of proximity to lower density residential uses. Landscaped buffers and screening should be utilized where necessary to achieve visual separation to minimize potential adverse impacts.

Consideration of the location of residential conversions should ensure that the new use is not isolated from other residential uses and is located in areas where services and amenities that support residential uses, such as schools, shopping, parks, and other recreational opportunities are provided.

2. TRANSPORTATION:

Opportunities to improve site access, internal circulation, frontage, and off-site connections and reduce excess parking should be assessed and provided for all transportation modes. Incorporating multimodal frontage improvements should enhance the pedestrian, bicycle, and

transit user's experience. An evaluation of the transportation impacts should be provided. A proposed development that is equal to or generates less vehicle trips than an occupied office building and/or has the ability to implement a Transportation Demand Management (TDM) program to lessen the vehicle impacts from the proposed use is encouraged. If the proposed use generates additional traffic, then appropriate mitigations, including a TDM program, should be provided.

3. SITE DESIGN:

The repurposing of existing office buildings should include consideration of streetscape, landscaping and stormwater management improvements. High quality site design is encouraged. The streetscape should be designed to promote a pleasant pedestrian experience. This includes well-landscaped public spaces such as squares and plazas; urban parks; courtyards; an integrated pedestrian system; and measures to mitigate the visual impact and presence of parking. Additional landscaping may improve the general appearance of a site and provide a buffer between uses as appropriate to create effective transitions as needed. Repurposing may afford opportunities to replace excess surface parking with stormwater management facilities, open space, or other site amenities. Flexibility in applying these objectives is appropriate when considering office buildings with unique site characteristics or constraints.

4. SCHOOLS, PARKS, AND OTHER PUBLIC FACILITIES

Proposals should demonstrate that impacts to schools, parks, and other public facilities caused by any change to residential use will be addressed proportionally to the number and type of units, using the standards typically used to evaluate rezoning applications. The Urban Parks Framework should be applied as appropriate to ensure that office building repurposing results in quality, on-site public park space and recreational amenities to serve new residents, employees, and visitors. Opportunities for providing community meeting rooms should be evaluated with repurposing proposals.

5. ENVIRONMENT

The repurposing of buildings may provide opportunities for improvements in energy efficiency and other green building practices. Such opportunities should be identified and considered for incorporation into building and/or site design. Similarly, noise mitigation should be provided where needed and feasible. Stormwater objectives should be met; however, in cases where site constraints render achieving stormwater management objectives impractical, other opportunities to reduce impervious surfaces and implement quality and quantity controls should be identified. The repurposing of buildings should be pursued in a manner that will support the protection and restoration of tree canopy. Efforts should be pursued to protect high quality vegetation and provide additional tree cover within landscaping concepts, consistent with site design needs.

6. AFFORDABLE AND WORKFORCE DWELLING UNITS

For office to residential conversions, affordable housing should be provided in accordance with the Zoning Ordinance and the Workforce Housing policy. However, some flexibility may be appropriate when applying the policy to live/work conversions.”

7. HISTORIC PRESERVATION

Buildings subject to conversion should first undergo appropriate historic preservation review, including coordination with county staff, to foster preservation and minimize potential impacts to structures that may have historic significance.

ADD: Fairfax County Comprehensive Plan, 2013 Edition, Policy Plan, Contents, page iii:

“Land Use

APPENDICES

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13. Guidelines for Office Building Repurposing”

COMPREHENSIVE LAND USE PLAN MAP:

The Comprehensive Land Use Plan Map will not change.

TRANSPORTATION PLAN MAP:

The Countywide Transportation Plan Map will not change.