# Office Land Use Trends Report

**Fairfax County, Virginia**
Department of Planning and Development

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September 2024

# Contents

# 1: Project Overview

## Background

The Fairfax County Department of Planning and Development has requested a review of office land use trends, as authorized by the Fairfax County Board of Supervisors. The objective of this review is to determine whether, in light of projected office demand in the region, land planned, zoned, and used for offices should be retained by the County, or whether projected diminishing demand for office space may be counterbalanced by allowing for conversion to residential use, to meet what is demonstrably a high demand in the County.

This report looks at office use trends both nationally and in Northern Virginia and considers opportunities and challenges inherent in converting office space to housing. This information provides the background and context for the recommendation of suggested areas to focus redevelopment, and an updated list of criteria for assessing such requests.

In addition to this project overview, this report includes the following sections:

- 2: Office Land Use Trends. Overview of national and regional office trends, including vacancy rates and anticipated demand for office space, along with consideration of barriers and opportunities with office conversions.
- 3: Office-to-Residential Project Examples. Examples of completed office-to-residential conversion projects in cities around the country. A brief overview of each project's location and key characteristics is provided, along with information about available financial or regulatory incentives.
- 4: Recommendations. Suggested edits to the County's Appendix 13 of the Policy Plan, to use more detailed performance criteria in evaluating office conversion requests, and two examples of locations where conversion may be considered desirable.
- 5: Sample Analysis. Example of how GIS data can be used to quantify assessment of one component of a performance standard (Proximity to Amenities/Necessities).
- 6: Appendix. Summary of current policies and regulations in the Fairfax County Policy Plan and Zoning Ordinance related to office land uses.
- 7: Sources and Supporting Materials. List of the sources and supporting materials that were used to develop this report.

## Note about Terminology

Throughout the content that follows, when this report uses the term "conversion," it is intended to encompass two scenarios. The first is the adaptive reuse, or conversion, of an existing structure from one type of use to a new use (typically from office to residential use). The term is also intended to encompass situations where an existing office structure is "converted" by means of demolition and replacement of the structure with a new building. The report focuses generally on conversion to residential, but may also include office conversion to other uses such as industrial, if indicated by context or content.

# 2: Office Land Use Trends

## Office Vacancy Rates

Even before the COVID-19 pandemic, the market for office space was in flux, adapting to the increasing demand for high-quality spaces with amenities close at hand. Now that the most severe impacts of the pandemic are largely behind us, that trend remains true, but nearly everything else about the office market has changed. According to real estate professionals, there is no going back to the relatively steady demand for office space that used to define the market. The permanence of remote work and hybrid schedules, combined with decreasing demand and increasing uncertainty in financial markets on account of rising interest rates, have all changed the extent and characteristics of demand in the office real estate market. This section examines the office trends and projected demand for office uses nationally.

### Nationally

#### LINGERING IMPACTS FROM COVID-19 PANDEMIC[1]

The national office vacancy rate reached 21 percent in the third quarter of 2023, the highest level in 30 years, according to reports by the commercial real estate groups, CBRE Group and JLL. Since 2019, the overall office vacancy rate has increased by three percent, triggered by work-from-home policies implemented in the COVID-19 pandemic, and maintained after the announcement of the end of the public health emergency. Because remote work has continued post-pandemic, nationwide, office occupancy rates have been slow to recover, despite a five percent increase from pre-COVID levels in the number of office jobs (as distinguished from retail and hospitality positions, or construction jobs). Consequently, in the first quarter of 2024, the national office vacancy rate was 17.6 percent, higher than the previous peak in the midst of the Global Financial Crisis of 2008, when office vacancy rates reached 16.3 percent. While record high vacancy rates during the Global Financial Crisis were largely the product of financial imbalances, today's high office vacancy rates are influenced by several factors:

- Employers maintaining remote/hybrid work arrangements and consequently downsizing their office spaces.
- Beginning in late 2022 and continuing through 2023, hesitation by companies to sign new leases or expand their office space footprint, because of high interest rates on loans and lingering fears of an economic recession, but as of September 2024 the likelihood of an impending recession seems to have lessened.
- A general oversupply of office space that is difficult to lease because it does not align with tenants' changing preferences for high-quality, smaller, and collaborative spaces near amenities like public transit and restaurants.

While some employers discontinued full-time remote work arrangements following the end of the COVID-19 pandemic, hybrid arrangements remain prevalent, and real estate professionals believe these

[1] This report uses the County's Economic Development Authority data for metrics where such data is available. Where EDA data was not available, this report relies on information in commercial real estate reports, released quarterly, which often cite higher estimates than EDA data for the same metrics.

arrangements are permanent, thus impacting long-term prospects for office demand. The permanence of both remote work and hybrid schedules has forced employers to re-evaluate their office space needs, with many choosing to downsize their office footprints while opting for higher quality in the smaller spaces they are choosing to occupy.

### FLIGHT TO QUALITY

There is a shift to increased demand for spaces with ample amenities (both on-site and in close proximity) and in better locations – a trend termed the "flight to quality." This is happening because hybrid work reduces the overall need for space, allowing tenants to occupy smaller but higher-quality spaces in a cost-efficient manner. The desire for higher-quality space is driven by employers hoping that a higher-quality office space can act as an incentive to bring employees to work more days in-office, but it is also a recognition that employees who are present less often need less private space, and can work just as efficiently from shared, collaborative spaces. Mike Samuels, a principal with real estate consulting and valuation firm Clarion Samuels in Philadelphia, confirms this trend, citing the changing needs of law firms as an example. In the past, law firms provided large, individual offices to their partners and associates. Firms are now seeking spaces where the associates – who are no longer expected to be present every day – can work from shared, collaborative spaces during the one or two days a week they are in the office. Where there was once the need for dozens of private offices, now three or four private offices will suffice, as long as those are accompanied by "amenitized" collaborative space.

The flight to quality trend is creating differences in vacancy rates and asking rent prices between office classes throughout many cities. For example, in Northern Virginia, Class A office space (including "trophy" office space located in the most prestigious office towers in a submarket) had the lowest vacancy rate in the first quarter of 2023 of 18 percent compared to 22 percent and 19 percent of Class B and C offices, respectively. Both trophy and Class A properties are often in more desirable locations like downtowns and near high frequency transit where employees have access to more amenities within a walkable distance, compared to Class B and C spaces that are more likely to be dispersed in suburban areas. However, even demand for Class A space can vary significantly between cities, and also within local markets. Along the East Coast, in locations as diverse as suburban New Jersey outside New York City, to rapidly growing sunbelt locations like Charlotte, North Carolina, there are many Class A spaces in suburban office parks that are struggling as much as Class B and C spaces in these areas. Equally, there are Class A spaces in central cities where office prices are plummeting to the extent that – quality and proximity of amenities notwithstanding – conversion to other uses becomes the more financially feasible option.

### FEAR OF WORSENING ECONOMIC CONDITIONS

Another factor affecting office vacancy rates is a fear of worsening economic conditions. Overall, the U.S. has been able to stave off an economic downturn that many anticipated would unfold in late 2023. However, rising interest rates and the on-going uncertainty in economic conditions have discouraged tenants from signing new leases or expanding their current office space. Developers have been disinclined to take on the necessary debt to initiate new projects, when faced with the combination of high interest rates, rising construction costs, and slack demand. In some cases, this reluctance extends also to initiation of housing development projects, despite pronounced demand for more housing in many locations. To convert an office building into housing, a rezoning or other approval from a municipal government is often required. As debt becomes more expensive, the prospect of borrowing, then undergoing a protracted and uncertain public process to secure approval for conversion of existing, underutilized office space to residential use becomes less practical and less appealing. Despite the fact that there is a strong demand for more housing, each time delay diminishes the prospect of realizing an anticipated reasonable return on the initial investment.

### OVERSUPPLY OF OLDER CLASS B AND C SPACES

According to a report by the Wall Street Journal, an oversupply of office space has been in the making long before the COVID pandemic, driven by a rapid depreciation of commercial property from a 1981 change to the tax code, and a long period of low interest rates. The pandemic shortened the time it has taken to see the effects of an oversupply of office space. This oversupply is especially pronounced in older, low-quality buildings that are contributing to the spike in vacancy rates. Older buildings with this Class B and Class C space are often in need of renovation before being re-occupied, but even if there is demand, developers are finding it increasingly difficult to secure loans with satisfactory conditions to make such renovations worthwhile.

## Fairfax County/Metro DC

Office vacancy trends in Fairfax County generally mirror national trends in terms of high vacancy rates, a shift to high-quality office spaces, and a slowing of new office construction. In mid-year 2023, office vacancy rates reached 17.1 percent in Fairfax County, according to the County's Economic Development Authority (EDA), with submarkets not served by rail transit seeing significantly higher vacancies, up to 43.3 percent in Newington/Lorton, and 38.4 percent in Bailey's Crossroads. Conversely, areas such as Burke and McLean/Great Falls were considerably below the County rate, with only 3.0 and 3.4 percent vacancies, respectively. At the same time (mid-year 2023), office vacancies in DC reached 20 percent for the first time in recorded history.

The flight to quality trend is present in both Fairfax County and the DC metro. In the third quarter of 2023, Class B office spaces accounted for 60 percent of the total vacancy rate in Fairfax County. In the DC metro, Class A office spaces represented 80 percent of new leasing activity in the second quarter of 2023 while Class B and C accounted for only 14 and five percent, respectively. According to a quarter two 2023 report by Cushman & Wakefield, in the metro DC area, data indicate that offices closer to mixed-use submarkets that have retail, entertainment, and residential uses performed better post-COVID than those further from mixed-use development. These trends seem to indicate that single-use, suburban office parks are increasingly falling out of favor and tenants will continue moving toward high-quality, amenity-rich spaces. These findings align with the County's own research, which indicates that "demand for older office product with fewer amenities has dramatically shifted downward," with new construction clustering closer to mixed-use activity centers, accessible by rail transit.

# Projected Demand for Office

## Remote and Hybrid Work will Continue to Reduce Demand for Office

In the near term, it is expected that remote and hybrid work arrangements will continue to reduce demand for office space. Although many employers prefer that staff work in the office because managers perceive in-person interactions to be more beneficial than virtual engagement, and that in-office conditions encourage innovation, employees' very strong preference for hybrid-work arrangements – with 98 percent stating they prefer remote work at least some of the time -- mean such arrangements are likely to persist. This will continue pushing employers to downsize their office space and locate in amenity-rich buildings (with gyms, cafes, and collaborative spaces), and in closer proximity to amenity-rich areas (served by transit, close to restaurants). While external factors, such as proximity to amenities, are important to whether employees want to show up, desire to be in the office is also affected by internal company policies, such as parking or transportation subsidies, availability of childcare, quality of technology on-site, office perks like catered lunches, as well as individual preference and social cohesion.

Generally, submarkets with trophy and Class A office space in proximity to public transit, restaurants, retail, and entertainment are expected to perform well. A 2023 CBRE survey of commercial office tenants confirms this ongoing trend of more tenants preferring office spaces with on- and off-site amenities and in locations with ample public transit. In fact, 82 percent of respondents indicated their real estate decisions were heavily influenced by proximity to transit. Further, the top three most important amenities tenants consider when evaluating a property are public transit access, adequate car parking, and on-site café food and beverage. While café food and beverage within the same building was identified specifically by respondents surveyed by CBRE, other studies show proximity to restaurants and food places off-site is preferred more broadly. According to a 2020 report by JLL, the future of office space will be based on "…a greater mix of experiential spaces toward supporting teams and collaboration, as well as heavily amenitized social or client space which acts as a showcase for a company's brand and culture."

Long-term trends in office demand are uncertain, with real estate experts with the Counselors of Real Estate emphasizing that the office market is in uncharted territory and current issues are likely to persist for between three and 10 years. Challenges abound for older office spaces, especially for buildings in undesirable locations, that are highway-dependent and not within walking distance of any office-supporting uses like restaurants. Commercial real estate experts are signaling that functionally obsolete office buildings, predominantly Class B and C spaces, are at risk of default if they are financially incapable of securing new loans to perform necessary renovations and upgrades (not to mention new tenants if improvements can be completed). Rising interest rates, stricter underwriting requirements, and lack of investor interest in older buildings are decreasing the viability of these buildings for office use. In some cases, the infeasibility for continued office use could indicate these structures are good candidates for conversion projects; however, some of the same location-related issues that limit the desirability of the buildings for office use may apply equally to their re-use as housing.

As more tenants look to maximize the advantages of their office space, the demand for offices near amenities that are attractive to employees will almost certainly persist and demand in the region is likely to mirror national trends more broadly.

### Interest in Office to Residential Conversions Expected to Continue

Low office occupancy rates combined with the national shortage of housing is contributing to a growing interest in converting commercial office spaces to residential uses. According to a 2022 report by Up for Growth, the U.S. has a housing shortage of nearly 3.8 million homes while at the same time, millions of square feet of office space are vacant across major cities around the country. This presents a unique opportunity to expand housing options while reducing some pressure from low office occupancy rates.

Over the last seven years, the real estate group CBRE has tracked 89 completed office-to-residential conversion projects throughout 26 major cities. The average age of converted buildings was 80 years old, signaling that developers are perhaps targeting the 'low hanging fruit' – pre-WWII office buildings that have design elements like shallower floorplates, higher ceilings, and access to windows, all of which make a structure easier to convert to residential use. However, conversion projects are happening across the country and are not necessarily confined to cities with a large supply of pre-WWII office buildings. San Diego, Boston, Manhattan, Cleveland, and Philadelphia have led the way in completing the most adaptive reuse projects in the past seven years, according to a report by CBRE. In 2022, Los Angeles, California; Kissimmee, Florida; Alexandria, Virginia; and Baltimore, Maryland led the way for the highest number of units created by office to residential conversion projects.

In addition to pressure to convert office buildings to residential uses, conversion of office buildings to industrial or warehouse uses is also becoming more common. In recent years, rising industrial rents along with rapidly growing demand for warehouse and distribution space have enticed developers to pursue these projects. Unlike residential projects, office-to-industrial or warehouse are happening more in suburban office parks where location characteristics – such as proximity to highways – that are less valued for residential development are highly beneficial for industrial and warehouse uses. According to real estate experts with Counselors of Real Estate, developers see warehousing as the top choice for converting obsolete office buildings because demand is growing (especially in land-constrained communities on the East Coast), and the cost of such conversions is considerably less than conversion to residential use. This is true for several reasons, including that fewer structural modifications are needed, fewer discretionary approvals are needed, and financial gains are more predictable and quicker to realize. There are other advantages to nonresidential conversion projects; one example is that switching from one non-residential use to another does not involve an increase in the number of new students that need to be accommodated in the local school system.

## Office Conversion Barriers and Opportunities

### Challenges to Residential Conversion

According to a 2023 report by McKinsey Global Institute, there is lower demand for Class B and C offices overall, undergirding the structures' growing functional obsolescence. Where these office spaces are also located in suburban, car-dependent locations, the likelihood of their revitalization and reuse diminishes. Standalone suburban offices and suburban office parks face other impediments to residential redevelopment. They were, first and foremost, built in the suburban locations they occupy so they would be near highways, without too much concern for proximity to transit, access to key amenities, or any of the other elements that residential development needs. The reliance of these locations on cars to access every daily need is inconsistent with common planning objectives of dense, walkable development, and the possibility that they may generate significant increases in traffic on local roads can give rise to resistance from local residents. Residential conversions in these locations also pose the potential for increased burdens on schools, where a sudden influx of residents in formerly commercial areas is difficult to accommodate. Similarly, a large number of new residents can stretch the capacity of emergency services trying to reach more dispersed areas that historically were not in need of a high level of service. In some areas, these barriers may not be insurmountable from a developer's perspective, but there is still the question of whether to promote them, if they do not align with planning best practices.

Leaving aside the particular challenges of converting Class B and C suburban office space, there has been an overall increase in both planned and completed office-to-residential projects in recent years. Conversions still represent only a small fraction of existing buildings that are redeveloped – in some cases it is more straight-forward and more cost-effective to demolish existing structures and build from scratch. In other cases, County contacts have indicated that it is, in fact, not more cost-effective to demolish an existing structure and build from scratch. Given the continuously rising cost of materials and construction, this calculus on the feasibility of reuse versus scraping a site for new construction is likely to continue evolving. Nevertheless, whether buildings are converted or replaced, commercial real estate experts estimate that at least ten percent of both urban and suburban offices could be converted without detriment to the office market. In fact, estimates in a CBRE 2022 report indicate if every then-planned office conversion were completed – in addition to all projects completed since 2016 – surplus office space would decrease by only two percent.

## Federal Support for Office Conversions

In October 2023, the Biden Administration announced new federal programs to support expanded office-to-residential conversion projects, as part of the Administration's wider goal to increase housing affordability. Revisions to the Community Development Block Grant program, administered by the U.S. Department of Housing and Urban Development, now enable states and local governments to use grant funding to buy, rehabilitate, and convert commercial buildings to residential uses. The Department of Transportation (DOT) will offer below-market financing options through the Transportation Infrastructure and Innovation Act and the Railroad Rehabilitation & Improvement Financing program for projects near public transit, emphasizing the importance of affordable housing in proximity to public transit. This will make available over $35 billion to support transit-oriented development. Moreover, the DOT will offer two types of technical assistance grants to guide communities looking to leverage federal funding for conversion projects. While federal support for conversion projects is important and indicative of the urgency of both the housing crisis and high office vacancy rates, it is too soon to tell how much it will spur new conversion projects.

## Demand for Increased Flexibility in Zoning and Building Codes to Support Adaptive Reuse

In many locations, existing zoning and permitting regulations present significant barriers to adaptive reuse projects, according to a report from the U.S. Chamber of Commerce. Economic challenges such as growing construction and material costs already limit the feasibility of office-to-residential conversion projects and restrictive regulatory standards can add more time and cost, ultimately discouraging developers from pursuing such projects. Jurisdictions can add flexibility into their zoning codes and tailor regulatory processes to help make conversion projects more attractive to developers and promote adaptive reuse projects.

Introducing a streamlined approval and permitting process for office-to-residential projects is perhaps the most straightforward way jurisdictions can encourage expanding office-to-residential projects. An expedited approval process can reduce time, cost, and uncertainty of a project. For instance, if a conversion project does not need to go through a public hearing, there is little to no risk that the project will be held up by opposing parties or possibly stopped. Another way communities can support conversion projects is by adjusting their development regulations to be more conducive to the unique needs of adaptive reuse projects, by adding flexibility to dimensional standards, threshold requirements, nonconformity regulations, and open space requirements. Cities like Boston, Massachusetts and Portland, Oregon have put in place flexible approval processes and regulatory standards for office-to-residential conversion projects, and have seen more success with the number of projects.

# 3: Office to Residential Project Examples

## Characteristics of Office to Residential Conversion Projects

The examples in this section demonstrate that office-to-residential conversion projects have been occurring for many years, driven in part by the country's pervasive and acute housing shortage. The on-going pressure for more housing, combined with the more recent drop in demand for office space, has made the possibility of conversion more attractive in many places. Conversions are occurring more frequently across the country, in cities with historically strong office submarkets, that are now grappling with record-high vacancy rates. While many office-to-residential projects share similar characteristics such as being located in the downtown core, this sample of projects is meant to provide a brief background of the mix of locational and regulatory characteristics of conversion projects.

**Table 1: Characteristics of Office-to-Residential Projects**

| Characteristics | Alexandria, VA | Arlington, VA | Montgomery County, MD | Boston, MA | Chicago, IL | Cleveland, OH | Denver, CO |
|---|---|---|---|---|---|---|---|
| Mixed-Use District | | X | X | | | | |
| Finance/Central Business District | X | | | X | X | X | |
| Office/Business Park | | | | | | X | X[1] |
| Near Rail Stations | X | X | X | X | X | | X |
| Near Bus Routes | | X | | | X | | |
| Within a BRT Corridor | | | | | | X | |
| Incentives Available | | | | X | X | X | |
| Regulatory Changes | | | | | | | |
| Plan Policies | | | X | X | | | |

**Notes:**

1: Although Denver has completed office-to-residential projects in the downtown area and recently announced plans to focus adaptive reuse projects there, for this report, we focus on conversion projects outside of downtown to provide an example of a conversion project in a business park setting.

### Alexandria, Virginia

Alexandria's office vacancy rate was 14 percent at the end of 2022, slightly offset by the construction and subsequent full occupancy of an office building for the Institute for Defense Analyses headquarters. Alexandria's vacancy rate is expected to increase in the future as employers reduce their office footprints and move to trophy office spaces. Vacancy rates are not expected to reach levels seen in other communities, however, given the city's proximity to DC and the rate of office-to-residential conversion projects. In 2022, Alexandria ranked second in the most converted residential units from office uses when compared to nine other cities, owing in large part to the conversion of three 1980s office buildings into 435 residential units at Park + Ford.

### EXAMPLE PROJECT

In addition to the Park + Ford project, Alexandria also saw completion of the conversion of a mixed-use building that was formerly used for offices along with restaurants and other uses at 801 N. Fairfax Street. The project is adjacent to bus routes and near key amenities such as green space, restaurants, and retail, and created 54 condominium units in Old Town North.

### LOCATION CHARACTERISTICS

Many office-to-residential projects in Alexandria have been proposed and developed in Old Town and Old Town North where historic office buildings with floorplates compatible for conversion are clustered.

### INCENTIVE OPTIONS

The City currently does not offer financial incentives for conversion projects; however, their website indicates they will monitor conversion projects for ongoing challenges and consider whether regulatory and financial tools are necessary in the future.

### REGULATORY CHANGES

No regulatory changes have yet been made to support conversion projects in Alexandria. The City notes future regulatory flexibilities may be needed for buildings that have difficulty meeting regulatory standards and have more challenging structural features. Most conversion projects to date in the City have focused on Class B and C office buildings that were easily able to meet dimensional, parking, and open space requirements.

### SUPPORTING PLAN POLICIES

Alexandria's Comprehensive Plan does not include goals or policies related to adaptive reuse of office buildings.

## Arlington, Virginia

Office vacancy rates in Arlington do not differ greatly from the rest of Northern Virginia. In mid-2022, the office vacancy rate reached 21 percent, up from 19 percent at the beginning of 2021. Hybrid work arrangements reduced office demand, hitting Arlington's two main office submarkets especially hard. According to a report from the commercial real estate firm Colliers, the Rosslyn-Ballston corridor reached a vacancy rate of 23 percent and the National Landing submarket rose to 24 percent in the second quarter of 2022. Interestingly, Class A had the highest total area of additional vacant space in the same quarter and 385,327 square feet of negative net absorption. Arlington has less office-to-residential conversion activity compared to Fairfax County and Alexandria. A County memo on office-to-residential conversions provides some insight on why this is so: "In Arlington, with much of our commercial and mixed-use areas governed by long-range, transformative land use plans, owners of functionally obsolete office buildings will most likely find it more compelling and financially feasible to pursue site plan redevelopment than go through a conversion process."

### EXAMPLE PROJECT

220 Twentieth Street is one of the few office-to-residential conversion projects in Arlington. In 2009, the site was transformed from a vacant office building into a 265-unit multi-family development.

### LOCATION CHARACTERISTICS

220 Twentieth Street is located in the National Landing office submarket. Residents of the project can easily access public transit either through one of several nearby bus routes or the Crystal City Metro located less than half a mile away.

### INCENTIVE OPTIONS

Currently, Arlington does not have financial incentives in place for office-to-residential conversion projects.

### REGULATORY CHANGES

Arlington is working to introduce regulatory changes to accommodate office-to-residential conversion projects. Since 2022, the County has been working on the 'Commercial Market Resiliency Initiative (CMRI) 2.0.' One component of this project regarding adaptive reuse aims to address historically high office vacancy rates. The CMRI targets zoning changes to facilitate the conversion of offices to other non-residential uses in commercial districts, and focuses on identifying specific regulations, practices, and processes where introducing flexibility could bring more opportunities to improve the use of commercial space. The CMRI would permit new uses in commercial districts by right such as urban agriculture, micro-fulfillment centers, and commercial kitchens, among other uses.

### SUPPORTING PLAN POLICIES

Arlington's Comprehensive Plan does not specifically address office-to-residential conversion. However, the General Land Use Plan element of the Comprehensive Plan includes goals to enhance high-density, mixed-use development along the Rosslyn-Ballston corridor that includes residential, commercial, and office uses.

## Montgomery County, Maryland

Montgomery County's office properties were struggling to retain and attract new tenants long before the COVID-19 pandemic, as highlighted in a 2015 Montgomery County Office Market Assessment Report. One major reason for this trend is because Montgomery County's office spaces are primarily located in single-use, automobile-oriented parks that lack restaurants, entertainment, retail, and other amenities. The assessment report revealed that offices located in mixed-use developments with ample amenities and good transit connectivity were best positioned to remain competitive, and would likely see an increase in demand in the future. Montgomery County's office vacancy rate reached 16 percent in the third quarter of 2023. Regional commercial real estate experts point to hybrid work arrangements, loss of businesses during the pandemic, high interest rates, and an oversupply of outdated office space influencing Montgomery County's high vacancy rates.

#### EXAMPLE PROJECT

The development of Octave 1320 repurposed a 1963 office building into 102 multifamily condominium units in downtown Silver Spring. The project was completed in 2016 and aimed to attract first-time buyers looking for affordable and walkable spaces.

#### LOCATION CHARACTERISTICS

Proposals for office-to-residential conversion projects in Montgomery County appear to be concentrated in Downtown Silver Spring where residents are well connected to the rest of the City and the greater DC area through metro lines and where amenities like restaurants, retail, and event spaces abound. Montgomery County points to location and access to amenities as key factors behind the success of Octave 1320. The site's proximity to the Red Line Metro Station and amenities in Downtown Silver Spring made it attractive to buyers and helped lower project costs. Project costs were also reduced because the developer did not provide parking since the site was located in the Silver Spring Parking District where parking is provided through county-owned garages.

#### INCENTIVE OPTIONS

Montgomery County invested $4.1 million into the Octave 1320 project through a public-private partnership. Currently, it appears the County does not provide financial incentives for office-to-residential conversion projects more broadly.

#### REGULATORY CHANGES

Montgomery County provided flexibility in regulatory standards for the Octave 1320 project but has not introduced county-wide regulatory changes to support office-to-residential conversion projects.

#### SUPPORTING PLAN POLICIES

*Thrive Montgomery 2050* addresses adaptive reuse of office space through the goal to "Promote cost-effective and adaptive reuse design strategies to retrofit single-use commercial sites such as retail strips, malls, and office parks into mixed-use developments."

### Boston, Massachusetts

Like many other cities with large office submarkets, Boston's office market has been slow to recover in the post-pandemic era. Downtown office vacancies reached historic rates of nearly 20 percent toward the end of 2022. The flight to quality trend is also present in Boston as older office spaces experience higher vacancy rates. For instance, the Class B vacancy rate hit 27 percent in the second quarter of 2023. In response to underutilized office space and high demand for housing, in mid-2023, Mayor Michelle Wu introduced a public-private partnership program called "Downtown Office to Residential Conversion Pilot Project." The Pilot project aims to spur office conversion projects in downtown Boston.

#### EXAMPLE PROJECT

Information for proposed projects leveraging funding from the Conversion Pilot Project is not available. However, an example of a completed conversion project is 100 Shawmut, a 138 residential unit project that transformed an office building constructed in 1915. Originally developed as a warehouse, the building was later used for office purposes until it was converted in 2015.

#### LOCATION CHARACTERISTICS

The target area for funding office to residential conversion projects is in the 121B Demonstration Project Area which includes much of the Financial District where underutilized office space is concentrated. However, funding for conversion projects proposed anywhere in the city will also be considered on a case-by-case basis. The Financial District is well connected to the rest of the city through metro lines, providing residents of conversion projects with easy access to public transit.

#### INCENTIVE OPTIONS

Through the Conversion Pilot Project, commercial office building owners can qualify for reduced property tax rates (a rate reduction up to 75 percent for up to 29 years) if they initiate the conversion of their buildings to residential uses by 2025. The Boston Planning and Development Agency (BDPA), the City and the commercial property owner would be in a public-private partnership through the issuance of a payment in lieu of taxes (PILOT) agreement. Project eligibility requirements include complying with the City's Inclusionary Zoning and energy efficiency standards. Additionally, projects designed to preserve ground floor retail and other public uses are highly encouraged in order to support more mixed-use development in the downtown core.

#### REGULATORY CHANGES

Development review and permitting processes will be revised and streamlined through the pilot program to help fast-track conversion projects and reduce financial costs for the developer.

#### SUPPORTING PLAN POLICIES

*PLAN: Downtown* includes priorities for office-to-residential projects such as "Implement adaptive reuse practices to convert vacant office spaces into residential and other viable uses" and "Preserve the historic fabric and explore opportunities for adaptive reuse, especially office-to-residential conversion," Other priorities focus on revitalizing downtown by increasing residential growth, expanding mixed-uses and diversifying active ground-floor uses, and strengthening active transportation connections and non-vehicular modes of transportation.

### Chicago, Illinois

Chicago's office vacancy rate in the third quarter of 2023 reached a historic 23 percent within the Loop (the City's central business district). Recent trends show new office investment is gradually moving to the West Loop/Fulton Market area where higher-quality and amenity-rich office space is plentiful. Class A office spaces are outperforming Class B and C spaces as they have a lower vacancy rate of 20 percent compared to Class B and C offices with rates of 28 percent and 26 percent, respectively. A LaSalle Street market study revealed the flight-to-quality trend, indicating amenity-dense space in new buildings near shops, restaurants, nightlife, good transit, and ample greenspace is what office tenants are seeking. In response to these findings, former Mayor Lori Lightfoot launched the LaSalle Street Reimagined initiative aimed to transform LaSalle Street into a mixed-use corridor by turning vacant commercial space into mixed-use housing and neighborhood-oriented retail. LaSalle Street Reimagined allocates $550 million to office-to-residential projects and mixed-use development. Funding is available for the construction of three projects, which will introduce 1,000 residential units into the area. Each project is required to make

30 percent of the units affordable, and developers are encouraged to attract grocery stores and other amenities to support a mixed-use environment.

### EXAMPLE PROJECT

The Monroe Residences & Hotel is a proposed project that transforms a historic office building constructed in 1911 and an adjacent office tower from the 1950s into a 228-room hotel and 349 residential units, 105 units of which will be affordable. The project will include amenities such as a rooftop pool, a fitness center, a bar and restaurant as well as co-working space for residents. The 611,000 square foot office building is a Class B office space, located at 111 West Monroe Street.

### LOCATION CHARACTERISTICS

The target area for conversion projects is along Chicago's Central Finance District, the LaSalle Street corridor. Economic activity has historically clustered along LaSalle Street, where legal firms, financial institutions, multi-national corporations, and other firms lease office space. Conversion projects are ideal here because of the central location, close to the city's lakefront, parks, and cultural amenities, with links to the area's strong public transit networks. Residents of conversion projects would have easy access to the El, the extensive bus network, and easy connections to the Metra suburban rail network.

### INCENTIVE OPTIONS

Financial assistance is available to developers of office-to-residential conversion projects through funding from tax-increment financing (TIF). Additionally, to promote a mixed-use, neighborhood-oriented environment suitable for residential uses along LaSalle, grants through the Chicago Department of Planning and Development (DPD) are available to incentivize development of locally owned restaurants and entertainment in vacant storefronts and underutilized ground-level spaces.

### REGULATORY CHANGES

It does not appear Chicago has modified their ordinances or permitting processes to support office-to-residential conversion projects.

### SUPPORTING PLAN POLICIES

Chicago's Central Area Plan includes elements focused on strengthening economic growth in the city core, expanding quality living through adaptive reuse of buildings, developing high-density, mixed-used corridors, and strengthening transportation connections. Office-to-residential conversion projects are not addressed within the plan specifically.

## Cleveland, Ohio

Cleveland's office vacancy rate stood at 21 percent in the first quarter of 2023, up from 19 percent in 2022. Like other cities, Cleveland has experienced a slowing in subleasing activity as well as new office construction. Hybrid work arrangements, a decrease in office jobs, and firms moving to smaller office spaces are driving high vacancy rates. Cleveland stands apart from other cities in that their office vacancy rates have been slightly cushioned by the aggressive pursuit of office-to-residential conversion projects in the city. Since the early 1970s, commercial to residential adaptive reuse projects have been undertaken by developers. According to a 2020 study, Cleveland ranked 8th nationally for most new residential units developed through adaptive reuse projects, surpassing other cities with competitive office submarkets such as Washington, DC, and San Francisco, California. A more recent study revealed Cleveland has the highest percentage of office stock planned for conversions at 11 percent, amounting to 3.5 million square feet planned or in the process of conversion.

### EXAMPLE PROJECT

Iconic Living at the 9 is a 194 unit residential and commercial project located in downtown Cleveland. The project includes residences as well as a hotel, transforming the previously vacant, 29-story Ameritrust Tower into a lively, mixed-use development. The tower was constructed in 1971 and sat vacant for nearly a decade before it was converted in 2014. Residents of Iconic Living at the 9 are within a five-minute walk from the HealthLine Bus Rapid Transit system.

### LOCATION CHARACTERISTICS

Much of Cleveland's office-to-residential projects have concentrated downtown where there is ample stock of historic structures and amenities such as restaurants, retail, and entertainment venues. Highlighting the importance of public transit to conversion projects, existing projects are clustered in the Euclid Avenue corridor where the HealthLine BRT system has spurred transit-oriented development. For instance, since the introduction of the Healthline along Euclid Avenue, there has been 7.9 million square feet in new commercial developments, 13,000 new jobs, and approximately 4,000 new residential units along the route.

### INCENTIVE OPTIONS

Cleveland supports conversion projects by offering historic tax credits through the Ohio Historic Preservation Tax Credit, which can be leveraged for the private redevelopment of historic buildings.

### REGULATORY CHANGES

Information of modifications to Cleveland's ordinances or permitting processes to support office-to-residential conversion projects could not be found. However, Cleveland has specific design standards for adaptive reuse and conversion projects within their design review guidelines.

### SUPPORTING PLAN POLICIES

The Cleveland 2020 Citywide Plan outlines several policies related to adaptive reuse such as encouraging "green building" techniques in renovated housing, economic re-use of significant structures, and preservation of historic structures throughout the city. Adaptive reuse of office spaces to residential is not addressed specifically.

## Denver, Colorado

Denver recently conducted a study to measure the feasibility of office-to-residential conversion projects downtown as the city grapples with high office vacancy rates and high demand for housing. Through the study, Denver hopes to identify key strategies to support conversion projects and bring underutilized space back to life. Denver acknowledges supporting office-to-residential projects would help create a central neighborhood district where residents would be in close proximity to both public transit and desirable amenities. Although conversion projects are being targeted downtown, Denver is also an example of how infill projects within office parks can help create mixed-use environments and alter single-use office parks to meet modern preferences and demands. Successful examples are found in the Denver Tech Center located approximately 15 minutes southwest of downtown where several residential infill projects have been completed with more in the pipeline.

### EXAMPLE PROJECT

Recently, several multi-family projects have been proposed in the Denver Tech Center. One such project is a seven-story residential building adjacent to an existing Class A office building at 4600 South Syracuse. The proposed multi-family project would replace a surface parking lot, introducing more residential space within the office park where demand is growing for living space in a more suburban environment but still close to employers.

### LOCATION CHARACTERISTICS

The Denver Technological Center (DTC) was created in 1962 on 40 acres and today spans more than 900 acres southeast of downtown Denver. It has grown to be a strong employment hub in the city, employing more than 35,000 people and providing office space to over 1,000 businesses. Multi-family housing is interspersed throughout the DTC along with restaurants, making it an increasingly coveted suburban submarket. Public transit in this area is limited given its location right along the I-25 corridor. One light rail station is within a ten-minute walking distance.

### INCENTIVE OPTIONS

While no financial incentives for conversion projects exist, Denver recently announced that the City would be piloting an Adaptive Reuse Program targeted to Upper Downtown. The pilot program aims to support the conversion of underutilized commercial office buildings into mixed-use residential projects by providing direct assistance to property owners and developers in navigating the City's review and permitting system. More specifically, the program will expedite the permitting and approval process for qualified projects which will help improve the financial feasibility of projects.

### REGULATORY CHANGES

Except for the changes to the permitting and approval processes offered through the Adaptive Reuse Pilot Program, Denver has not made regulatory changes to support adaptive reuse or conversion projects more broadly.

### SUPPORTING PLAN POLICIES

Denver's Comprehensive Plan 2040 outlines several strategies related to expanding housing such as increasing development of housing units close to transit and mixed-use developments. However, there are no strategies that specifically target adaptive reuse of office spaces.

# 4: Recommendation

## Overview

This section provides a recommendation for Fairfax County regarding policy guidance for office land use, as well as a suggested approach for implementing the recommendation. This recommendation is based on our review of:

- Office trends nationally and within the Northern Virginia/Metro DC region;
- Recent office conversion projects in the County and in other jurisdictions; and
- The County's current guidance (Appendix 13) on assessing requests for conversion of office land uses to housing.

At present all indicators point to an existing oversupply of office space that is unlikely to see renewed demand over the near to medium-term horizon (5-10 years). Demand for lower quality office space (classes B and C), and older structures in need of costly renovations to upgrade building infrastructure such as HVAC and communications technology, are unlikely to see renewed demand at all. At the same time, the pandemic-driven change to remote work appears to have permanently altered the extent of in-office presence required for many industries. Although hybrid schedules are now more common than 100 percent remote work, the extent of space required for employees who do not have to be present every day is permanently diminished. This change has altered the kind and configuration of office space that is still desirable, such that demand centers on smaller, more flexible, highly-amenitized office spaces.

This report is focused on the future of office land use, but our recommendation takes into account the County's demand for housing as well. While this report does not seek to repeat information County Planning staff are aware of regarding the high percentage of cost-burdened households in the metro region, and the significant extent of projected need for new housing units over the coming decade, the basic facts of the current situation indicate that there is an oversupply of office space in the County for which a return of demand is not foreseen, at the same time there is a demonstrated and increasing need for more housing. Given these conditions, we suggest that a more favorable approach to office conversion requests be adopted, subject to alignment with certain updated performance criteria.

Although some real estate professionals estimate that ten percent of office space in any given market could be converted to other uses while still maintaining adequate existing capacity to meet demand, there is no simple equation of the percentage of office square footage, versus residential, versus other commercial and service uses, that should be maintained. A combination of related factors, such as proximity to amenities, proximity to transit, quality of office space, along with the particular demands of the submarket, all contribute to determining the viability of office space in a specific location. However, while there is no single number that would be a valid target for how much office space to maintain in various locations, we do believe that, in considering individual requests, the County could usefully employ the slate of factors described below as a guide to making an informed determination on whether to view such requests favorably.

## Encourage Office Conversions that Conform with Updated Performance Criteria Guidelines

Generally, the guidance provided by the County's Policy Plan, and contained in Appendix 13 regarding "Guidelines for Commercial Building Repurposing" adopted in 2017, is consistent with national best practices. The County may choose to "stay the course," but given the high demand for housing and the low demand for office, we believe that a more proactive, detail-driven approach to allowing office conversion would be beneficial. We therefore propose adjustments to the current guidelines, to provide more specific criteria against which to assess conversion requests, including both repurposing and redevelopment. For example, this guidance could be used when reviewing requests to remove an existing office building use in favor of a new building and use that may or may not seek flexibility with the residential/non-residential land use mix in the Comprehensive Plan. Additionally, it could be used to review future requests to the amend the Comprehensive Plan from office to another use. Finally, it could be applied to proposals that include repurposing an existing office building into another use that could include additional gross floor area.

Appendix 13 proposes that the conversion of office to residential use "may be appropriate in the Tysons Urban Center, [Community Business Centers] CBCs, [Transit Station Areas] TSAs, Suburban Centers, Suburban Neighborhoods, and Low Density Residential Areas." The following seven criteria are proposed as performance standards or guidelines against which the desirability of conversion is to be measured: Compatibility; Transportation; Site Design; Schools, Parks, and Other Public Facilities; Environment Affordable and Workforce Dwelling Units; and Historic Preservation.

These are good initial criteria. However, in light of changed circumstances since the adoption of this Appendix in 2017, we propose the following, more detailed assessment criteria. Many are related to the existing seven performance measures, but provide expanded considerations on which to base assessment of conversion requests.

While we believe the criteria listed below will remain relevant over time, specific thresholds used for assessment – vacancy rate, for instance – will need to adapt in response to market changes, and in comparison, across County submarkets and locations. We therefore do not recommend exact numerical standards as the basis for assessment.

1. Location
    a. Is the proposed conversion in a submarket that has a high office vacancy rate compared with other County submarkets? Has the rate increased and remained comparatively high since the onset of the pandemic in 2020? The County's Office Building Repurposing white paper identified four submarkets with vacancy rates over 20 percent (Fairfax/Oakton, Vienna, Baileys Crossroads, Newington/Lorton) at the end of 2022. If information over time indicates the persistence of high vacancies, these could be submarkets where demand is not going to revive in the medium- to long-term.
    b. Because office demand is likely to remain slack for some time, requests for conversion in persistently higher vacancy areas (in combination with consideration of other factors listed below) could be favorably viewed, encouraging office conversion to other uses to avoid long-term vacancy.

2. Class/Age of Office Space
    a. Is the space Class B or C? Or is the building old enough that significant investment to upgrade HVAC or technology infrastructure would be required before re-occupancy?
    b. In both of these cases, these buildings may be considered functionally obsolete, and are increasingly unlikely to be re-occupied as office space. Again, a conversion request could prevent on-going vacancies and deterioration from lack of occupancy and regular maintenance.
    c. Conversely, newer space, particularly Class A office that is highly amenitized or in close proximity to amenities, may be worth maintaining.
3. Proximity to Rail Transit
    a. Is the site transit-accessible (either Metro, or in proximity to BRT lines)? As the County's own data shows, locations that lack rail access have the highest vacancies. However, lack of access to rail is likely to be similarly disadvantageous for any residential development that might replace vacant offices.
    b. Since transit-access is desirable for both office and residential uses, conversion requests where the resulting residential development would need to rely exclusively on car transport to access daily necessities could be viewed less favorably, but that may need to be balanced with other County priorities.
4. Proximity to Amenities/Necessities[2]
    a. Is the site near amenities that office tenants are seeking? Is it near the type of development that residents need to access regularly (grocery stores, schools, parks)? How are these amenities/necessities accessible?
    b. To a certain extent, both office tenants and residents want access to the same amenities, most notably transit and restaurants. However, it is more important for residential development to be near schools, parks, and grocery stores than it is for offices, particularly if these destinations are accessible by means other than driving.
    c. If a conversion request would result in a vacant office being replaced by residential development in proximity to schools, parks, grocery stores, and other daily necessities, particularly if these necessities do not rely exclusively on auto access, the request should be reviewed favorably.
5. Revitalization Area
    a. Is the request in a revitalization area?
    b. Renovations and renewed development in such areas should be considered favorably.
6. Affordable and Workforce Units
    a. Does the proposal meet only the minimum requirements for provision of affordable or workforce housing?
    b. Any conversion request that proposes to provide more than the minimum requirements for affordable housing should be viewed favorably. The County could choose to offer further incentives in such instances, such as allowing a higher residential density/intensity, new

[2] See Section 5: Sample Analysis.

construction, flexibility with the land use mix, and/or new uses than might otherwise be allowed without a Plan amendment, and/or offering streamlined administrative procedures.

7. Re-use, or Replacement
    a. Aligned with the notion that the most sustainable building is one that is already there, and supportive of the County's existing Environment element goals, proposals for the conversion or adaptive reuse of existing, vacant buildings– particularly if accompanied by upgrades that enhance energy efficiency or accomplish other sustainability goals – could be viewed more favorably than requests that involve demolition and replacement of existing structures (unless the existing structure is dilapidated to the extent of being uninhabitable).

Overall, conversion requests should be considered more or less favorably depending on their alignment with the elements listed above. If a more quantifiable approach to assessing requests is desired, these criteria – along with the existing seven performance standards, where they do not overlap – could be assigned points values reflecting their relative importance, and any conversion request would need to amass a minimum number of points before being considered or approved.

# 5: Sample Analysis: Amenity Analysis in High and Medium Vacancy Submarkets

## Proximity to Amenities/Necessities

To a certain extent, both offices and residences prioritize access to the same amenities, so determining which should have “proximity precedence” in certain areas or for certain repurposing requests may be difficult. The more detailed performance standards described in the Recommendation above aim to help with that decision-making process, and this section presents an example of how GIS data can be used to further quantify applying one of the criteria.

According to Fairfax County’s Office Building Repurposing white paper prepared by the Department of Planning and Development (DPD), “[b]uildings 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.” Should a conversion request be considered here?

To help answer that question, we chose two submarkets to assess their proximity to transit and recreational amenities that are important to residential uses. The analysis focuses on Newington/Lorton, with the highest office vacancy rate of 43.3 percent, and the Dulles Suburban Center, with a mid-range office vacancy rate of 19.4 percent, to get a better sense of how these submarkets differ in terms of access to key amenities. We used several Fairfax County geospatial datasets to assess if the target office submarkets were within 0.25 miles of the following features:

- Metro rail;
- Recreation facilities;
- Bike routes; and
- County parks

Since the target land use is office and mixed-uses, we extracted ‘Office’, ‘Mixed Uses’, and ‘Retail’ land uses from the *Comprehensive Plan Base Recommendation* dataset and overlayed them with our target office submarket areas to locate the amenities within these areas. Our proximity radius is within a distance of a quarter mile -- generally held to be a reasonable walkable distance – and created 0.25 mile buffers for each amenity to capture the spatial relationship between office submarket and amenity.

Figure 1 shows the Newington/Lorton office submarket. The map indicates there are some areas of the submarket in proximity to transit and recreation facilities, shown in the blue areas (darker blue indicates a higher concentration of amenities within that 0.25 mile buffer area).

Figure 2 shows the Dulles submarket. The map shows more blue areas, indicating that there are many areas in proximity to the chosen amenities.


**Figure 1: Newington/Lorton Submarket**

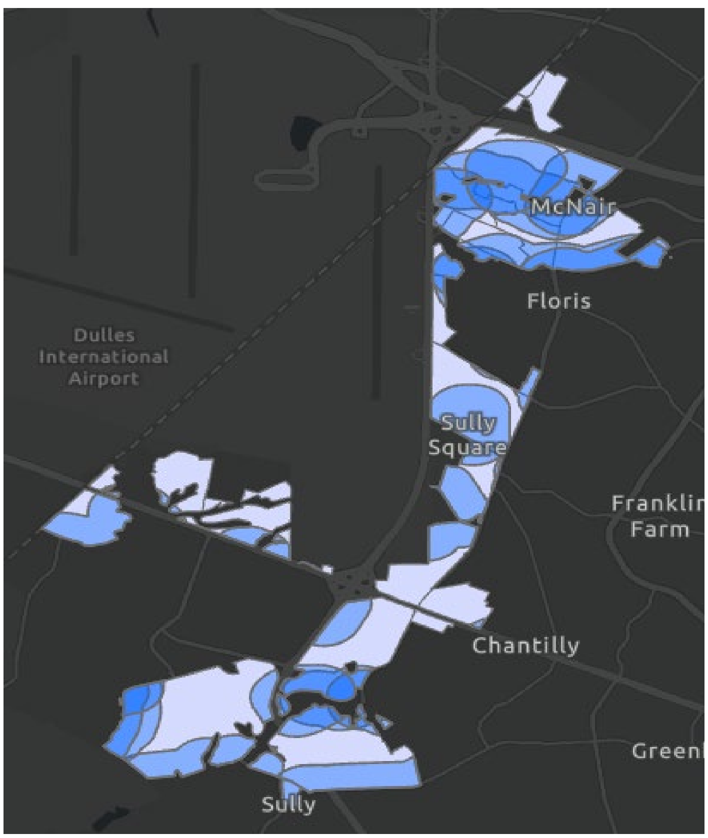


**Figure 2: Dulles Submarket**

The analysis in this section considers both proximity to rail transit – desirable for both office and residential uses – and proximity recreation amenities – presumably in higher demand by residential development than office users -- in two of the County's submarkets that currently have higher vacancy rates. If an office-to-residential conversion request were submitted for one of these areas, staff could use such an analysis to determine if the resulting residential would be within a defined proximity (in this case, 0.25 miles) to transit, recreation facilities, parks, and bike routes. Requests that demonstrate closer proximity (more blue areas on the maps) could be rated or viewed more favorably. While this example uses recreational facilities as the amenity, it can be adapted to focus on schools, mixed-use areas, solely on transit proximity, or other elements, depending on available data.

# 6: Appendix: Current Office Policies and Regulations in Fairfax County

This section provides a brief summary of Fairfax County's current policies and regulations for existing and future office uses, both as a standalone use, and as part of a broader mix of land uses.

## Fairfax County Policy Plan (2017 Edition)

### Goals and Policies

The Preface to the 2017 Policy Plan establishes 20 goals to provide focus for the objectives and policies in other plan elements. References to land use considerations for commercial development appear in four of the 20 goals, and generally apply to office development as a subset of commercial/industrial development:

> Quality of Life. The primary goal of Fairfax County's policies and priorities is to…achieve an outstanding quality of life through *a balance between access to convenient multi-modal transportation and residential, commercial, and industrial development*.
>
> Land Use. Growth should take place in accordance with criteria and standards designed to *preserve, enhance, and protect an orderly and aesthetic mix of residential, commercial/industrial facilities, and open space* without compromising existing residential development.
>
> Revitalization. Fairfax County should encourage and facilitate the revitalization of older commercial and residential areas…revitalization initiatives should encourage business development, promote public and private investment and reinvestment, and *seek to prevent or eliminate the negative effect of deteriorating commercial and industrial areas*.
>
> Private Sector Facilities. Fairfax County should continue to *encourage the development of appropriately scaled and clustered commercial and industrial facilities* to meet the need for convenient access to goods and services and to employment opportunities.

### Land Use Element

Objective 3: Fairfax County should maintain a supply of land sufficient to meet the need for housing, commercial, industrial, institutional/public services, and recreational and leisure activities to support the Comprehensive Plan.

> Policy a. Conduct a comprehensive community needs assessment, at least once every five years, to determine future land requirements to meet adopted county goals.

Objective 9: Nonresidential redevelopment or repurposing should be in accord with the recommendations of the Comprehensive Plan.

> Policy c. Ensure that the redevelopment or repurposing of existing uses is consistent with the provision of adequate transportation and public facilities.
>
> Policy f. Ensure that the repurposing of existing structures is in accordance with the "Guidelines for Commercial Building Repurposing" in the Land Use Appendix.

Objective 16: Fairfax County should encourage Transit-Oriented Development (TOD) with focused growth near certain planned and existing rail transit stations as a way to create opportunities for compact pedestrian- and bicycle-friendly, neighborhood centers accessible to transit.

Appendix 11: Guidelines for transit-oriented development. Appendix 11 establishes guidance for compact, pedestrian-oriented, mixed-use development around existing and planned rail transit stations. Guidelines of importance to the office conversation include:

- Transit Proximity and Station Area Boundaries. Focus and concentrate the highest density or land use intensity close to the rail station, and where feasible, above the rail transit station.
- Station-specific flexibility. Examine the unique characteristics and needs of a particular station area when evaluating TOD principals to ensure the appropriate development intensity and mix of land uses relative to the existing and planned land uses for the surrounding areas.
- Mix of Land Uses. Promote a mix of uses to ensure the efficient use of transit, to promote increased ridership during peak and off-peak travel periods in all directions, and to encourage different types of activity throughout the day.
- Housing Affordability. Provide for a range of housing opportunities by incorporating a mix of housing types and sizes and including housing for a range of different income levels.
- Regional Framework. Provide a more efficient land use pattern by concentrating growth around existing and planned transit station areas.
- Economic Benefits. Create an employment base and encourage commercial revitalization adjacent to transit facilities.
- Phasing of Development. Ensure that projects are phased in such a way as to include an appropriate mix of uses in each phase of the development.

Supporting narrative for several of the above guidelines acknowledge that the actual mix of uses that is achieved in individual station areas will be influenced by market feasibility.

Appendix 13: Guidelines for commercial building repurposing. Appendix 13 establishes flexibility to accommodate the repurposing of older commercial buildings that have been vacant for an extended period, or are otherwise considered obsolete. Of particular relevance in this Appendix area the areas of focus where repurposing is encouraged, and the seven performance standards to be used in assessing the desirability of repurposing requests.

Conversion of office to residential use may be appropriate in Tysons Urban Center, Community Business Centers (CBCs), Transit Station Areas (TSAs), Suburban Centers, Suburban Neighborhoods, and Low Density Residential Areas.

Performance criteria include: Compatibility; Transportation; Site Design; Schools, Parks, and Other Public Facilities; Environment; Affordable and Workforce Dwelling Units; and Historic Preservation.

## Comprehensive Land Use Plan (Map and Land Use Categories)

The Comprehensive Land Use Plan includes a dedicated office land use category, which encompasses 241,666 square feet or 0.002% percent of the total land area in Fairfax County. Office uses are also accommodated in mixed-use areas, which include 5,555.99 sq. ft. acres or 2.30 percent of the total land area in Fairfax County. Mixed-use areas (which include office) are encouraged in Tysons Urban Center, Community Business Centers (CBCs), Transit Station Areas (TSAs), Suburban Centers, Industrial Areas, and, to a lesser degree in Suburban Neighborhoods and Low Density Residential Areas.

Definitions for the individual land use categories illustrated on the map and the terms 'office' or 'mixed uses' are not defined in the Plan glossary.

### Special Planning Areas

The Comprehensive Land Use Plan provides more detailed policy guidance and land use recommendations for each of Fairfax County's 14 Planning Districts, as well as sub-geographies within each district. Office uses are encouraged as part of a broader mix of uses in most of the County's Special Planning Areas, including the Tysons Urban Center, Community Business Centers (CBCs), Transit Station Areas (TSAs), Suburban Centers, and Industrial Areas.

## Zoning Ordinance (2024)

### Base Zoning Districts

The Fairfax County Zoning Ordinance includes four office zoning districts:

Low-Rise Office Transitional District (C-1). Provides for non-retail commercial uses such as offices, financial institutions, and other similar uses. The C-1 District is intended to provide for those types of uses in a low-intensity manner so that they are compatible with and serve as a transition to adjacent single -family dwellings.

Limited Office District (C-2). Provides areas where predominantly non-retail commercial uses may be located such as offices, financial institutions, and other similar uses. The C-2 District is intended to provide for those types of uses in a low-intensity manner so they can serve as a transition between higher intensity uses and residential uses.

Office District (C-3). Provides for predominantly non-retail commercial uses, primarily including offices, financial institutions, and other related and supporting uses.

High Intensity Office District (C-4). Provides areas of high-intensity development of predominantly non-retail commercial uses, including offices, financial institutions, and other nonresidential uses.

Additionally, offices are permitted by right in the C-5 through C-8 Commercial districts if they do not exceed defined floor area limits, and otherwise with approval of a special exception.

Offices are also permitted by right in all Industrial districts:

Industrial Institutional District (I-1). Provides areas for intense office and office-related uses in a campus-like or institutional setting. Uses are generally limited to office uses and supporting nonresidential uses with enhanced site layout and building design quality.

Low Intensity Industrial District (I-2). Provides areas for scientific research, development and training, offices, industrial flex, small-scale production, and manufacturing incidental and accessory to those types of uses. The I-2 District is designed to promote an industrial park atmosphere for the conduct of research-oriented activities and other similar uses. Development will incorporate enhanced building and site design, and performance standards in this district will ensure that development is compatible with surrounding uses.

Light Intensity Industrial District (I-3). Provides areas for scientific research, development and training, offices, light-intensity production of goods, and related supply and supporting nonresidential activities. This district is designed to provide for a broad spectrum of clean industries operating under enhanced performance standards.

Medium Intensity Industrial District (I-4). Provides area for a wide range of industrial uses such as scientific research, development and training, offices, medium-intensity production of goods, and related supply and supporting nonresidential activities at a greater intensity of development than is allowed in the I-3 District.

General Industrial District (I-5). Provides for a wide range of industrial and industrially-oriented business activities. Uses must minimize noise, smoke, glare, and other environmental pollutants on the uses within the district and on neighboring areas. Other nonresidential uses generally provide services and supplies to industrial companies, engage in wholesale operations, and are associated with warehouse establishments.

Heavy Industrial District (I-6). Provides for heavy industrial activities. Uses and activities that may require noise, vibration, intensive traffic, and other environmental pollutants are tolerated and are subject to minimum performance standards. The I-6 District is intended for use by the largest manufacturing operations, heavy equipment, construction and fuel yards, major transportation terminals, and other basic industrial activities required in an urban economy.

Finally, offices may be permitted by special exception in the R-1 through R-8 and R-30 Residential zoning districts. In R-1 through R-8, the special exception will only be considered if the office is in a Community Business Center (CBC) area, and located in a single-family dwelling constructed before 1973. In R-30, the special exception will be considered only in accessory structures or the two lowest floors of a primary structure, and may not occupy more than 15 percent of the structure's gross floor area.

#### PERMITTED USES

Permitted uses in the four office zoning districts vary by district, but generally include a mix of commercial and public, institutional, and community uses. Residential uses are not permitted in office districts except for some group living facilities permitted by special exception.

#### USE STANDARDS

Use-specific standards apply to office uses in the C-5 through C-8 districts (e.g., limitations on office use gross floor area). Use standards also apply to office uses in several residential districts (e.g., office cannot be located in a single-family detached dwelling constructed after February 26, 1973).

### Planned Zoning Districts

Each of the County's Planned Districts addresses the kind of development that is desired in the defined area, most allowing office development of varying size and intensity, tied to the purpose of the district. The Planned Development Commercial District (PDC), Planned Residential Mixed-Use District (PRM), and the Planned Tysons Corner Urban District (PTC) are most permissive for office development, with intensity generally limited by floor area ratio. Where these districts are coincident with areas delineated in the Comprehensive Plan as Transit Station Areas, Community Business Centers, Commercial Revitalization Districts or Areas, and Urban and Suburban Centers, the FAR may be increased in support of accomplishing plan goals.

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