

**COMMERCIAL MARKET  
RESILIENCY INITIATIVE (CMRI)**



**ARLINGTON  
VIRGINIA**

# **Transforming Arlington's Office Buildings: A New Regulatory Approach**

**Presentation to the  
Climate Change, Energy  
and Environment  
Commission (C2E2)**

**October 28, 2024**



# ELEMENTS OF PROCESS CHANGE

*Transforming Arlington's Obsolete Office Building Inventory*

## County Board Policy

- Justification of Impact
- Adaptive Reuse – First Step
- Other Policy Tools
  - Repositioning Process
  - Redevelopment Process
  - Incentives

Expected November CB  
Action

## Zoning Ordinance Amendment (ZOA)

- New Process for Adaptive Reuse Amendment
- Criteria and Limitations
- Applicability of affordability requirements
- Method for achieving minimal density

Expected November CB  
Action

## Admin Regulations

- Submittal Checklist
- Process Elements
- Timing
- Standards & Conditions

Expected admin process  
in place by end of year

# POLICY ON TRANSFORMING OFFICE BUILDINGS

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

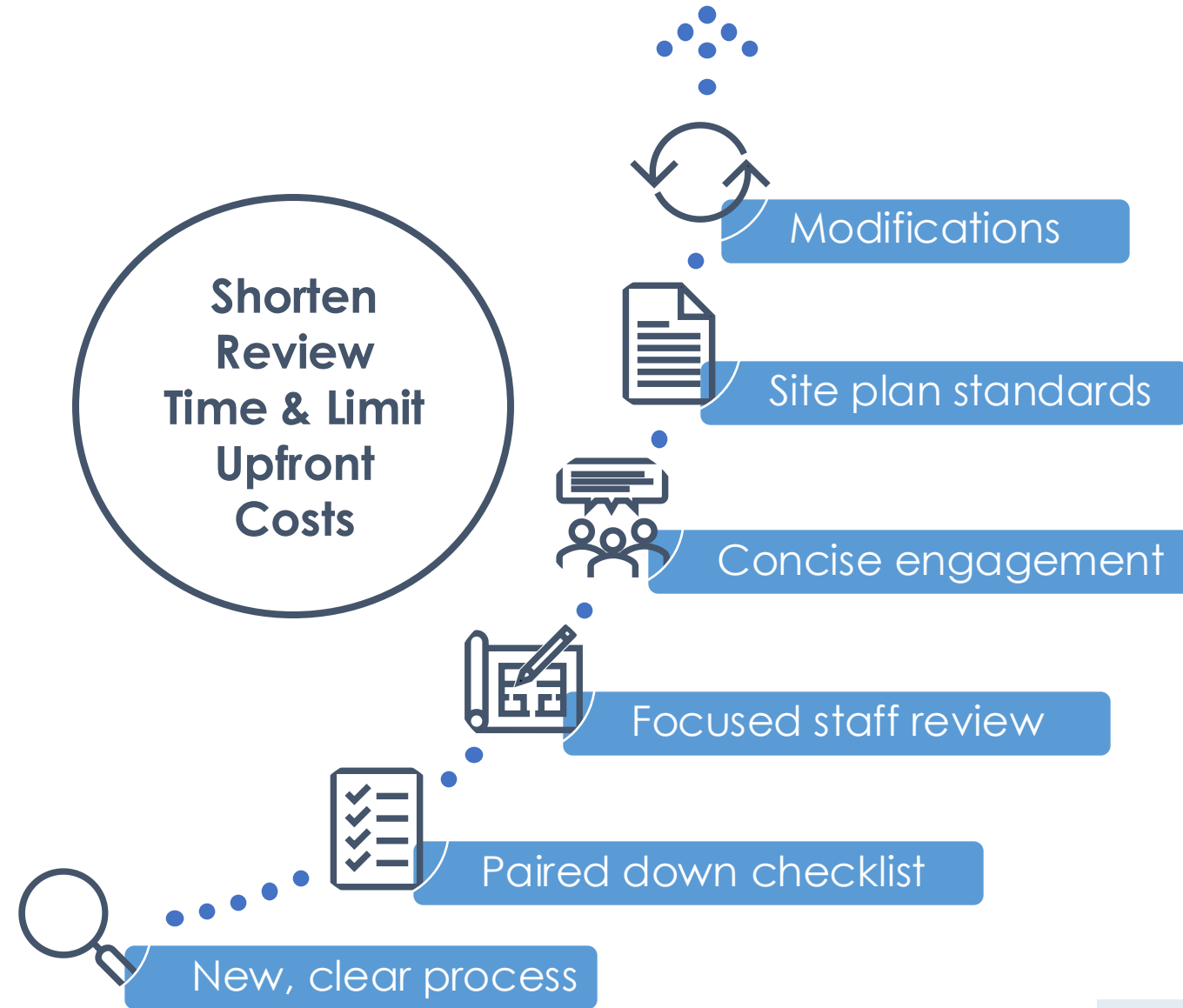
# POLICY ON TRANSFORMING OFFICE BUILDINGS

## **Bold policy required to repurpose obsolete office buildings**

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

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

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



# POLICY FOCUS - ADAPTIVE REUSE

**“For one or more buildings within a site plan project, a request to change the principal use of office to an alternative use(s) that also includes primarily interior building alterations and minimal changes, as further defined, to the exterior of the building, building height, form and density, and site design and development.”**

- Change in primary use from office to other use
  - Interior fit out/conversion
  - Relatively little change to building or exterior site
  - Added stories or building additions NOT included in this process
  - No altering of previous community benefits
- Exceptions:
    - Ground-floor repositioning
    - Rooftops
    - Terraces/Balconies
    - Mezzanines
    - Facade refresh
    - Landscaping refresh, outdoor amenities
    - Unrequired parking to GFA

V.1 Focus on Adaptive Reuse

V.2 New Streamlined approach

V.3.a&b Criteria and limitations

V.4 Streamlined engagement process

V.5 Modification of height and density

V.6 Guidance on other policies/goals



# ADAPTIVE REUSE STREAMLINED PROCESS GUIDANCE

## Relationship to current process – NEW PROCESS

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

## Method of review and approval – COUNTY BOARD ACTION

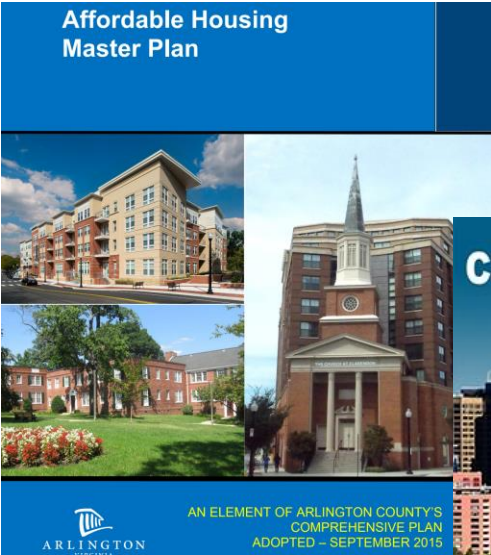
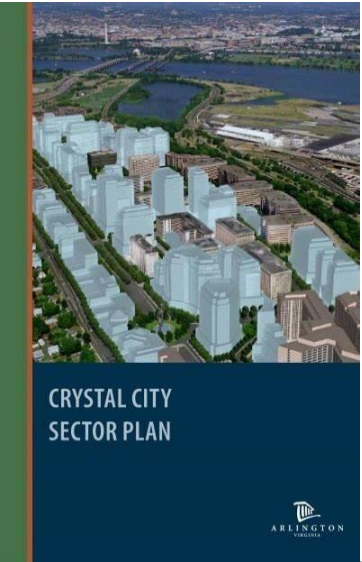
- Administrative path considered and studied – but not viable or sufficient
- Will still end with County Board Consideration
- **Context appropriate submittal requirements, staff review and site plan standards**
- **Potential changes to engagement approach**

## Criteria and limitations – FLEXIBLE BUT FOCUSED

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

# RELATIONSHIP TO EXISTING POLICIES AND GUIDELINES

Sector plan use guidance and transformative expectations from redevelopment



## ADMINISTRATIVE GUIDANCE FOR OFFICE CONVERSIONS

Arlington County  
December 2020

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

### CONTEXT

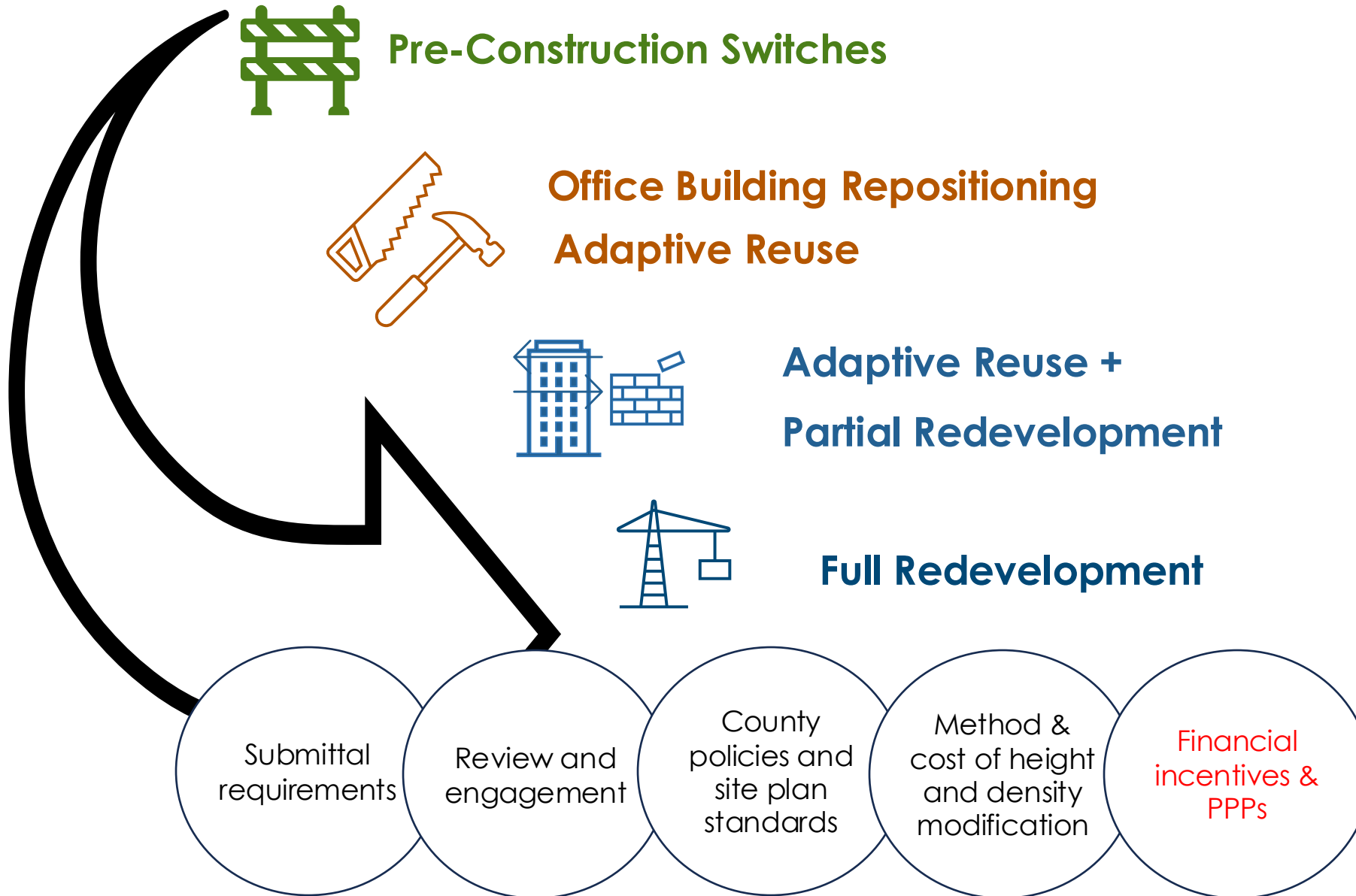
In August 2014, the Arlington Future Office Market Task Force of the Economic Development Commission (EDC) released a report – *Arlington Future Office Market Study* – outlining some of their key findings relative to systemic shifts in the regional and local office market. This effort was conducted in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

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



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

# POLICY – FUTURE REGULATORY APPROACHES



VI.1 CMRI 1.0 – Allowable Uses

VI.2 Switches

VI.3. Office building Repositioning

VI.4 Adaptive Reuse +

VI.5 Partial redevelopment

VI.6 Conventional redevelopment

VI.7 Financial incentives

VI. Xx Public-Private Partnerships



# PROPOSED AMENDMENT TO ACZO

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

# PROPOSED AMENDMENT TO ACZO

- Reflects the proposed Policy finding that reduction of obsolete office buildings is a **public priority**.
- Develops a new Site Plan Amendment process in the ACZO
- Clarifies that *adaptive reuse amendments* are similar to rehabilitation or renovation of development.
- Criteria – sets “guardrails” – site planned office buildings changing a significant % of existing office use to another use
- Limitations – not adding new building stories or large additions or amending previously committed to community benefits
- Removes applicability of affordable dwelling unit requirements (§15.5.8).
- Provides method for earning specific types of density

# DENSITY ALLOWANCES AND SITE PLAN STANDARDS

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

Density above zoning district

Ground-floor bump outs

Inclusion of previously excluded SF

Mezzanines

Enclosed balconies & Terraces

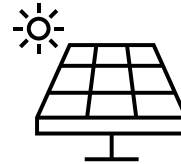
Rooftops

Façade replacement

Conversion of unused parking

## ACZO - Findings for approval

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



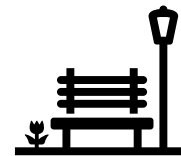
Green Building



Multi-modal  
Transportation



Parking & Loading



Streetscape  
Standards



Landscaping and Tree  
Canopy Standards



Other Legacy Site  
Plan Conditions

# ADMIN REGULATIONS & GUIDELINES

Will implement Policy and ZOAs

- Submittal checklist
- Process & Engagement
- Timing
- **Site and building standards**
- **Standard site plan conditions**
- Post-entitlement permitting

## Process and Timing

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



# ADAPTIVE REUSE AND GREEN BUILDING

## *The repurposing of obsolete office buildings*

- Is a **Public Priority**
  - Requires **a Sense of Urgency**
  - Has **Different Economics & Construction Challenges**
  - Improves **Existing Condition**
- Tax revenues
  - Placemaking impacts
  - Challenges → Looming Crisis
  - Create market momentum
  - Similar to major building renovations
  - Complications of existing infrastructure for use change
  - No incentive-based density at scale
  - Market risk/capital sourcing
  - Basic upgrades to systems significant improvement
  - Embodied carbon savings

# POLICY LANGUAGE AS OF OCT 1 VERSION (suggested changes in red)

## Green building

The Adaptive Reuse of obsolete buildings does provide an opportunity for significantly improving the repurposed building's energy efficiency and climate footprint. The detail of the green building standards applied to Adaptive Reuse projects should be provided in **standard site plan conditions and, if incentives are potentially sought, the updated** the Green Building Incentive Policy (GBIP) ~~within which a section will directly address standards and incentives for energy performance of Adaptive Reuse projects.~~ The key differentiators from **past examples of site plan review standards and conditions and any incentives provided within the GBIP related to Adaptive Reuse** is that the primary incentive tool of bonus density ~~may~~ is not be relevant to Adaptive Reuse projects **AND the construction variables and economic viability hurdles vary differently between new construction and Adaptive Reuse.**

This **Policy establishes the fiscal and placemaking of benefits to be the primary purpose of the streamlined Adaptive Reuse process.** The **standard site plan conditions and** GBIP, as coordinated with and influenced by this Policy, should **effectively address important opportunities and tradeoffs when establishing baseline and aspirational building standards**, including:

- The **repurposing of obsolete office buildings in and of itself as a public priority** alongside other major Count goals, including Sustainable Design.
- The **typically poor energy performance and green building elements of existing, older and obsolete office buildings** ~~and the guiding principle that means~~ leaving such buildings in place is the worst potential energy and climate outcome.
- The gain in energy efficiency associated with **conversion of uses that almost always require new investments in core building systems** and at times **changes to building facades and openings, including windows.**
- The **embodied carbon savings** due to retention of building structure;
- The opportunity for significant **greening investments on building elements such as rooftops or terraces;**
- The impact of more ambitious sustainable building elements, often outside the improvements typically considered for most Adaptive Reuse projects but driven by broader GBIP and Community Energy Plan goals, on **project economics viability and thus likelihood that such projects shall be pursued**; and,
- Other **federal, state and local resources should be identified and leveraged to** ~~that could~~ achieve more ambitious energy and green building standards while maintaining project economic viability.

# POLICY LANGUAGE AS OF OCT 1 VERSION (suggested changes in red)

## Policy Statement V.6.b

Guidelines for energy performance and green building upgrades sought for Adaptive Reuse projects shall reside in **administrative review guidelines and standard site plan conditions, and when appropriate reference** the most current version of the Green Building Incentive Program (GBIP) ~~with a distinct section on Adaptive Reuse~~, and such guidelines shall broadly reflect the primary purpose of Adaptive Reuse projects are the fiscal and placemaking benefits and thus **should** carefully consider tradeoffs of maintaining project economic viability and more ambitious green building standards, as well as an acknowledgement of the **1) poor performance of the existing building condition, 2) the** built in benefits of building systems replacements, building exterior improvements and embodied carbon savings associated with Adaptive Reuse projects, **and 3) the embodied carbon savings value of the retention of major building elements.**



**ARLINGTON**  
VIRGINIA

# Thank You!

# Questions & Discussion







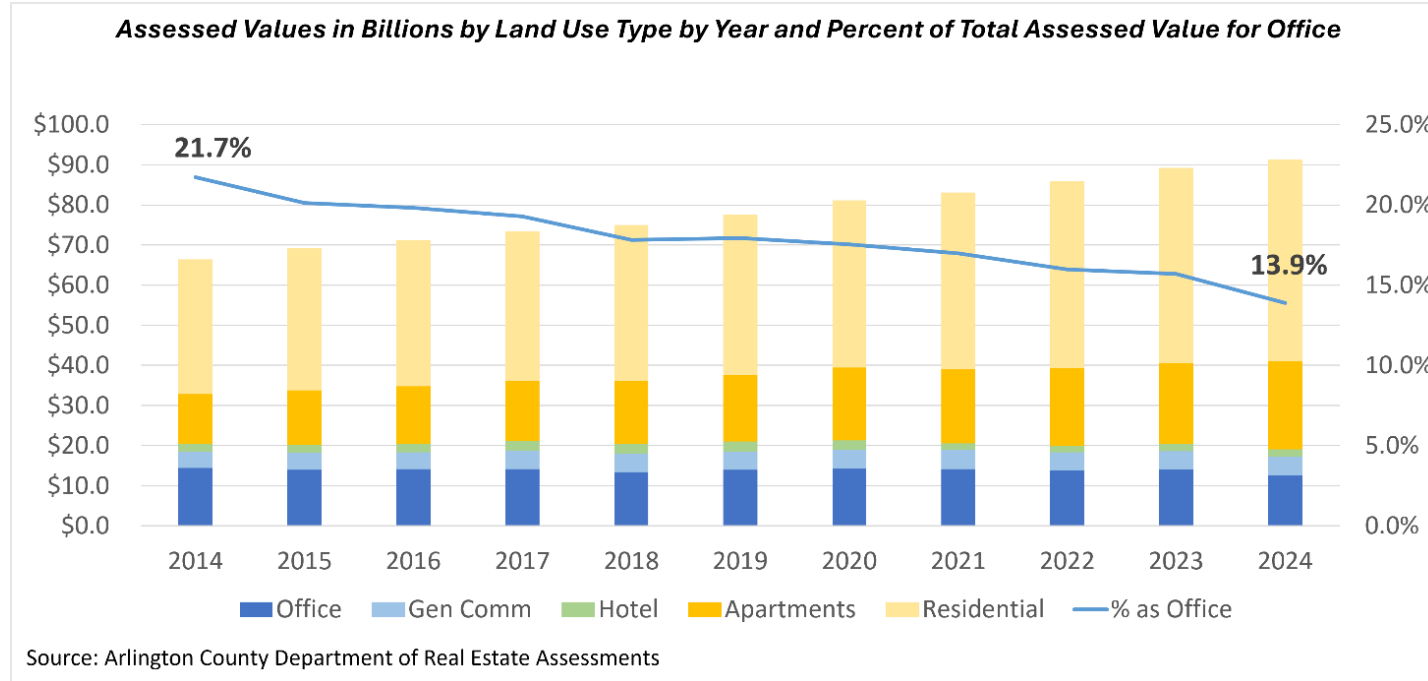
**ARLINGTON**  
VIRGINIA

# Appendix



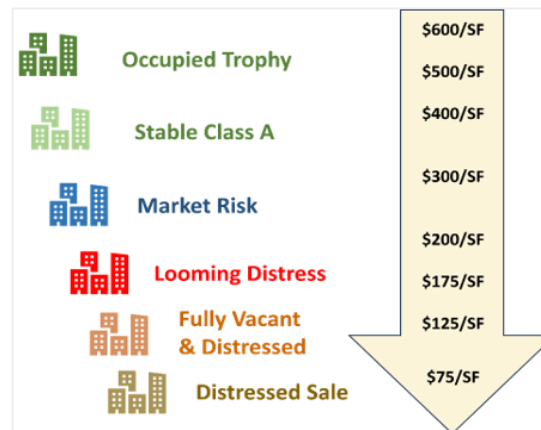
# THE WHY

## Structural Market Shifts and Impacts on Arlington County



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

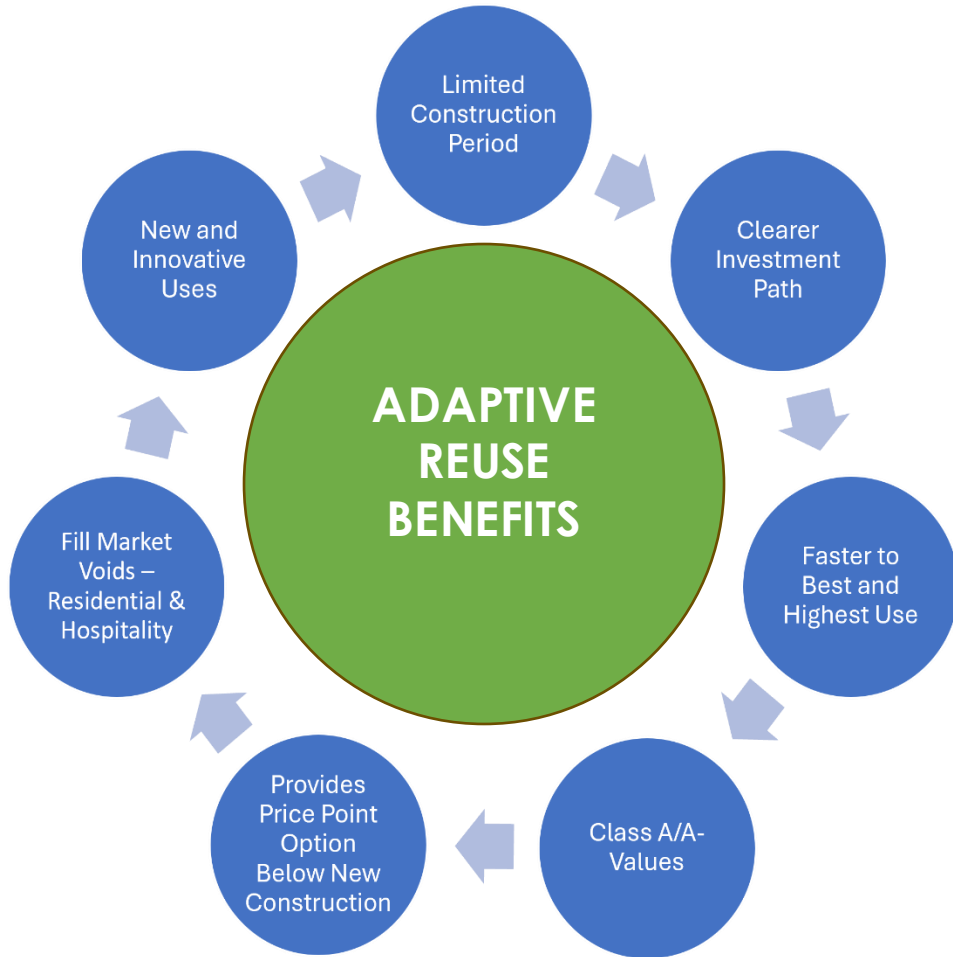
**22.3m SF of RBA** in “At-risk” buildings, or **50.9% Of Total RBA**



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

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

# POLICY FOCUS – ADAPTIVE REUSE



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

V.1 Focus on Adaptive Reuse

V.2 New Streamlined approach

V.3.a&b Criteria and limitations

V.4 Streamlined engagement process

V.5 Modification of height and density

V.6 Guidance on other policies/goals

# CURRENT PROCESS BARRIERS

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

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



# Schedule

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

**Owner/  
Developer/  
Practitioner  
Forums  
late October  
into early  
November**

# PROPOSED AMENDMENT – CRITERIA

## (Lines 44-73)



### **Qualifies for an Adaptive Reuse Amendment if:**

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



### **Does NOT Qualify for an Adaptive Reuse Amendment if:**

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

# PROPOSED AMENDMENT – ADDITIONAL HEIGHT AND DENSITY

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

# FRAMEWORK FOR ADAPTIVE REUSE AND GREEN BUILDING STANDARDS

