



Office of the Town Manager  
Christopher E. Martino

**Warrenton Town Council**

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Roy Francis, Ward 1  
William Semple, Ward 2  
Larry Kovalik, Ward 3  
Michele O'Halloran, Ward 4  
Eric Gagnon, Ward 5  
Paul Mooney, At Large  
David McGuire, At Large

# STAFF REPORT

<b>Council Meeting Date:</b>	April 14 <sup>th</sup> , 2026.
<b>Agenda Title:</b>	18 Court Street
<b>Requested Action:</b>	Hold the Public Hearing for Ordinance 2026-04
<b>Department / Agency Lead:</b>	Town Manager
<b>Staff Lead:</b>	Christopher E. Martino, Interim Town Manager.

## **Executive Summary:**

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In February 2025, the Town Council was informed of a potential redevelopment opportunity centered on 10 Hotel Street, where a private developer expressed interest in incorporating 18 Court Street into a broader project. In February, 2026, The Fauquier County Board of Supervisors approved a letter of intent for the sale of the Warren Green building located at 10 Hotel Street to the development firm of Madison Dale. The Town has received an offer from this same developer to purchase 18 Court Street for \$509,286. (see offer attached).

Madison Dale’s proposal is to invest approximately \$5,000,000 to historically restore 18 Court Street and convert it into a 75-seat restaurant and accessory membership club. Mr. Kevin Ash, President and CEO of Madison Dale, shared with the Town Council at its March work session and in subsequent meetings with individual councilmembers that this development project would mirror *The Burg*, which he developed in Leesburg, VA. Mr. Ash also shared information about a Zoning Text Amendment and his firm’s Financial Feasibility Plan for the Town of Warrenton at the March work session (attached).

Once operational, the newly renovated buildings are estimated to generate approximately \$400,000 of additional revenue to the Town of Warrenton annually. The equivalent to an almost \$0.016 real estate tax rate.

The Town Council has scheduled a public hearing to consider an Ordinance on the possible sale of 18 Court Street.

## **BACKGROUND**

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The 18 Court Street building, Tax Map Parcel: 6984-33-8623-000, was constructed in 1925 as the Fauquier National Bank. The property is located within the Town of Warrenton’s Historic Overlay District and is a contributing structure. The Virginia Department of Historic Resources IS number is 156-0019-0020.

The building entered Town ownership in 1973 through its sale from Fauquier National Bank for the sum of \$120,000. The deed of gift, bargain, and sale is recorded in Deed Book 290, Page 2 (attached). This marked the transition of a prominent former financial institution into a municipal asset. Originally constructed and used as a bank, the building was designed for a very different operational purpose than modern government service delivery. Its layout, structure, and architectural character reflected the needs of a mid-20th century financial institution, which the Town adapted over time to accommodate administrative offices and public functions.

The Property is shown as being zoned to the Central Business District (CBD) on the Town's earliest zoning maps. The last zoning map to show the parcel as CBD is the 1976 map. The Zoning map from 1986 is the first zoning map to show the property being zoned to the Public Semi-Public (PSP) zoning district. The parcel remains zoned to the PSP District today. The same is true for the 10 Hotel Street property (Warren Green Building).

Following its acquisition, the building was actively used for a variety of municipal purposes and served as a recognizable center of Town operations. As needs evolved, however, the limitations of adapting a former bank building to contemporary government use became more pronounced. While its historic construction and character offered durability and identity, those same qualities increasingly constrained the Town's ability to modernize the facility. Upgrading building systems, achieving full ADA compliance, and reconfiguring interior spaces to meet current service expectations proved difficult within the confines of the existing structure. This led to the purchase of the current Town Hall at 21 Main Street in 2020.

18 Court Street sat vacant and untouched until 2023, where targeted efforts were undertaken to restore the building to limited use, allowing the Town to extend its functionality in the near term. However, ongoing challenges—including the need for asbestos and mold remediation, structural considerations, and the inherent limitations tied to the building's age and historic form—have continued to restrict its viability for full municipal operations. Over time, these factors contributed to a steady decline in use, as the building could no longer efficiently support the operational demands of the Town, even as it remains well-suited for potential adaptation to alternative uses.

In February 2025, the Town Council was informed of a potential redevelopment opportunity centered on 10 Hotel Street, where a private developer expressed interest in incorporating 18 Court Street into a broader project. In response, the Town Manager received authorization to obtain an appraisal of the property to better understand its market position and inform future decision-making.

The appraisal was presented to Council in May 2025. The "As-Is" Market value of the Fee Simple estate of the property as of May 1, 2025, was \$1,420,000.

Later in 2025, environmental and health concerns prompted the cessation of personnel operations within 18 Court Street while allowing the first floor to continue to be utilized for temporary and limited activities.

While remediation efforts were completed, the building's age, structural condition, and lack of modern systems—including ADA compliance—limit its ability to be reestablished as a primary municipal hub without substantial capital investment. In November 2025, Council was formally briefed on the condition of Town facilities, including the full vacancy of 18 Court Street and its readiness for potential disposition.

In March 2026, Mr. Kevin Ash presented a work session proposal to the Council outlining the inclusion of 18 Court Street as part of the 10 Hotel Street redevelopment project. Advancing this proposal would require associated zoning actions, which Council authorized staff to begin processing concurrent with its consideration. Council also directed staff to solicit additional interest in the property. Public notice and outreach were conducted, including advertisement on the Town's website.

### **Current Situation:**

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#### **Facilities assessment of 18 Court Steet:**

The Fleet and Facilities Manager provided an assessment of the building. The assessment is based on two independent third-party reports: a May 2025 real estate appraisal establishing an as-is market value of \$1,420,000, and a January 2024 limited asbestos survey documenting widespread asbestos-containing materials (ACMs) throughout all three building levels. This report presents the findings of that assessment and offers a frank cost-versus-value analysis for executive consideration, as the financial picture that has emerged raises serious questions about the viability of continued investment in this property.

The assessment identified nine distinct deficiencies spanning mechanical, environmental, structural, envelope, and accessibility categories.

Four items are classified as Immediate priority, meaning they present active health and safety hazards or are mandatory prerequisites before any other construction can proceed: (1) a damaged friable asbestos pipe elbow in the basement storage room, confirmed at 48% chrysotile and requiring abatement by a Virginia-licensed contractor before any other work in that area;

(2) a comprehensive building-wide ACM abatement encompassing an estimated 3,275 SF of asbestos floor tile, approximately 375 linear feet of pipe insulation, drywall joint compound, plaster base coat, and all exterior window caulking, materials present on every level of the building;

(3) the primary rooftop HVAC unit, now operating at roughly 50% of rated capacity and beyond its useful service life, causing temperature imbalances and elevated humidity that accelerate ACM fiber disturbance risk; and

(4) building-wide domestic water line failure manifesting as persistent discolored water at all fixtures, indicative of systemic deterioration of the original 1938-era pipe infrastructure.

These four items alone carry an estimated remediation cost of \$265,000 to \$495,000.

Beyond the immediate priorities, four short-term deficiencies add further cost burden: active basement moisture intrusion requiring full sump replacement and waterproofing remediation (\$40,000–\$80,000); deteriorated exterior masonry requiring lime-based repointing and spall repair under Architectural Review Board (ARB) oversight (\$120,000–\$200,000); restoration of the original wood windows following mandatory ACM caulk abatement (\$80,000–\$150,000); and baseline ADA improvements to accessible routes, restrooms, and signage on the main level (\$50,000–\$100,000). Full multi-floor ADA compliance, legally required if the building is to serve the public on all occupied levels, demands passenger elevator installation, a uniquely expensive undertaking in a historic masonry building estimated at \$700,000 to \$900,000, more than double the cost of a comparable non-historic installation. Each of these items is made more complex and more expensive by the building's historic status, which subjects all exterior work to the Secretary of the Interior's Standards and mandatory ARB review.

The central finding of this assessment is that the total estimated cost of remediation — \$1,255,000 to \$1,925,000 in construction costs alone, approaches or exceeds the building's current appraised market value of \$1,420,000 across virtually every scenario. When soft costs are included (design fees, permitting, project management, and ARB review, conservatively estimated at 20%), the all-in project cost range rises to \$1,506,000 to \$2,310,000, exceeding market value at the midpoint and surpassing it by over \$800,000 at the high end.

Put plainly: the Town would be investing between \$1.5 million and \$2.3 million into a building worth \$1.42 million, before receiving a single dollar of functional return. This cost-to-value inversion is not a close call at the midpoint; it is a material imbalance that Facilities Management believes must be placed directly before executive leadership and the Town Council as the primary financial fact governing any decision about this property.

Facilities Management recommends that the Town pursue no major capital investment in 18 Court Street until a formal property disposition analysis has been completed and a strategic decision has been made by Council.

## **Land Use**

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Redevelopment of the property to use for the hotel proposal will require a multi-step approval process, to include:

1. A Zoning Ordinance Text Amendment to revise the current zoning ordinance to allow Hotels, and Clubs and Lodges, as a Permitted, by-right use within the Central Business District (CBD) zoning district. Currently, these uses require a Special Use Permit (SUP), which is a legislative process, requiring public hearing before both the Planning Commission and Town Council. Per Council direction, a ZOTA to allow this change in approval process will be initiated by Council

during the April meeting. Following this initiation, staff from the Community Development Department will prepare draft changes to the Zoning Ordinance provisions that govern these uses in the CBD zoning district and then present these draft changes to the Planning Commission for review and recommendation, and then to Town Council for final approval or denial.

2. A Zoning Map Amendment to change the zoning district designation of the property from Public-Semi-Public Institutional (PSP) to Central Business District (CBD). The property, acquired in the 1970's by the Town, was assigned to the PSP zoning district in the 1980's; in the PSP district, Public or Governmental Buildings are a Permitted, by-right use. Should the governmental or public use of the building cease, such as via the currently proposed sale of the building to a private property owner, the zoning designation of the property will need to be changed. A Zoning Map Amendment, or Rezoning, to change the zoning district designation of the property is a legislative approval process, requiring public hearings before both the Planning Commission and Town Council. As a part of a Rezoning of the property, the property owner may choose to voluntarily offer restrictions on the use or development of the property or other considerations to offset the impact of the proposed development to surrounding properties or public facilities. These voluntary restrictions - or Proffers - must undergo legal review as a part of any Rezoning approval.

Town staff cannot currently say what redevelopment, if any, would need to take place for any other offers proposed until the Town has received those.

### **Summary of Submissions and comments received.**

For the purposes of this process, the Town defines a "proposal" as a formal, actionable submission that includes a defined scope, intended use, and financial consideration, demonstrating the capacity and intent to execute the project. While public feedback and conceptual ideas were received, no additional submissions met this threshold. As such, the proposal presented by Mr. Ash remains the sole qualifying offer for Council's consideration at this time. The Town has received an alternative use submission from the Warrenton Neighborhood Arts project.

The Town received letters of support for the proposed development project of 10 Hotel Street and 18 Court Street from the Fauquier County Board of Supervisors and Experience Old Town Warrenton (EOTW). Fauquier County Chamber of Commerce, The Virginia Restaurant Lodge and Travel Association, and the Warrenton Preservation Alliance. The Town also received 25 submissions from the public, however, none of these submissions were a formal proposal. The breakdown of submissions is as follows:

For the Sale, in Town – 12

Against the Sale, in Town - 7

For the Sale, Out of Town - 5

Against the Sale, Out of Town - 7

Neutral, in Town- 1

Submissions and comments for the 18 Court Street item can be found here. [18 Court Street Property | Warrenton, VA](#)

## **STAFF RECOMMENDATION**

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Staff's recommendation is that following the conclusion of the public hearing, adopt Ordinance 2026-04 and proceed with the sale of 18 Court Street. Transitioning the property to the private sector represents the most fiscally responsible path forward for the Town. This action directly relieves the municipality of the compounding financial liabilities associated with deferred maintenance, mandatory ADA compliance, and extensive future capital improvements. Furthermore, the sale catalyzes downtown economic activity by returning a dormant building to the commercial tax rolls and attracting the vital private capital necessary to authentically preserve, renovate, and activate the historic structure.

## **Alternatives & Consequences**

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To assist the Council in its evaluation, the following alternative paths and their respective financial and operational consequences have been outlined below.

**Alternative 1 Adopt Ordinance 2026-04, an Ordinance to sell the 18 Court Street property Pursuant to VA State Code § 15.2-1800** — *Staff Recommended. This option transitions the property to the private sector, prioritizing economic development and fiscal relief over municipal control.*

This action directly relieves the municipality of the compounding financial liabilities associated with deferred maintenance, mandatory ADA compliance, and extensive future capital improvements. Furthermore, the sale catalyzes downtown economic activity by returning a dormant building to the commercial tax rolls and attracting the vital private capital necessary to authentically preserve, renovate, and activate the historic structure. The project has the following attributes as detailed below:

- Selling the property would generate \$509,286.00 in General Fund Revenue for the Town.
- The Current Proposal under consideration would allow the investment of \$5,000,000 to historically restore 18 Court Street Building and \$7,00,000 in the 10 Hotel Street property for a combined \$12,000,000 investment into the Town of Warrenton.
- Once Operational the buildings are estimated to generate \$400-\$500,000 in direct revenue which is the rate equivalent of \$0.016-\$0.02 of Real Estate Tax Rate Increase.

- Catalyzes downtown economic activity: Returns a dormant building to active, productive use, directly supporting downtown vitality, foot traffic, and the goals of the Old Town Character District.
- Strengthens the Town's financial position: Provides a near-term fiscal injection through immediate sale proceeds while permanently returning the property to the commercial tax rolls for long-term revenue generation and attracting vital private capital to restore the historic structure.
- Additional revenue of \$395,000-498,000 over the first 5 years of operation. Which is the equivalent of almost a \$0.0106- \$0.02 real estate tax rate increase.
- The Town would avoid having to invest \$1.5-\$2.3 Million dollars into the building which would require additional debt issuances from the Town.
- Eliminates ongoing municipal liabilities: Divests the Town of the compounding financial burden of deferred maintenance, mandatory ADA compliance, and extensive future capital improvement obligations in the range of \$1,506,000 to \$2,310,000.

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**Alternative 2: Retain and Reinvest for Alternative Uses (Public-Private Partnership)** *This option retains Town ownership while leasing or partnering with an outside entity to activate the space.*

Retaining the property would require the continued allocation of financial and staff resources, potentially limiting the Town's ability to address more immediate and critical infrastructure needs. Competing priorities include necessary improvements to the Police Department, 21 Main Street, the W.A.R.F., and the Town Shop, where deferred maintenance—such as roof repairs—poses direct risks to personnel and service delivery. No staff are currently assigned to 18 Court Street, and existing capacity does not support additional operational responsibilities. The shared space would not return the building to the tax roles and would have a lessened direct impact on the tax revenues.

The project has the following attributes as detailed below:

- Shared operational burden: Distributes some financial and operational responsibilities between the Town and a private, non-profit, or community partner entity.
- Community and economic alignment: Creates opportunities for adaptive uses that serve both community needs and broader economic development objectives without permanently selling the asset.
- May enable redevelopment scenarios that are infeasible for the Town alone, such as a private partner leveraging historic tax credits or targeted commercial grants.
- Before a partner can realistically occupy the space, the Town must still bear the heavy financial burden of bringing the building up to baseline ADA standards and life-safety code compliance.
- Would require extensive future capital improvement obligations in the range of \$1,506,000 to \$2,310,000.
- Requires negotiations regarding roles, maintenance responsibilities, liability, and the long-term allocation of financial risk.

- Relies heavily on partner interest and long-term financial stability, introducing the risk that the Town may eventually have to subsidize the operation or reclaim a failed project.
- Frequently necessitates ongoing municipal financial incentives, favorable lease terms, or policy concessions to keep the partnership economically viable for the outside entity.

## Impacts

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18 Court Street currently is of no value to the Town and broader community. At present, no core Town services or public-facing functions operate out of 18 Court Street. No leases are presently executed at 18 Court Street, and the conditions of the facility make it require significant investment for use.

The building's ability to support future service delivery is similarly limited. Primary municipal operations have already shifted to 21 Main Street, which now functions as the central hub for both Town and County activity within the county seat. In contrast, 18 Court Street offers constrained office space, lacks ADA accessibility, and presents functional limitations that make it impractical as a primary municipal facility without substantial investment. Even with improvements, the building would likely serve only as auxiliary space. However, the Town has demonstrated the ability to meet auxiliary space needs through alternative venues, including schools and auditoriums, reducing the necessity of maintaining 18 Court Street for this purpose.

Maintaining the building in its current condition carries ongoing operational and capital implications. The cost to sustain baseline utilities, including electricity and HVAC, remains significant, while the existing HVAC system is no longer operating and is beyond its useful life. To restore the building to meaningful use, substantial investment would be required, including remediation of asbestos, mold, and pest-related issues, installation of an elevator, and broader upgrades to achieve ADA compliance. As with any structure of this age, additional structural deficiencies may be identified during renovation, further increasing costs and uncertainty.

The building is presently surplus property and not dedicated to a public use. It is not a place to which the general public has the right to resort, and is not presently a place in which the public has an interest as affecting safety, health, morals, and welfare of the community like a polling location or school building would be.

Retaining the property would require the continued allocation of financial and staff resources, potentially limiting the Town's ability to address more immediate and critical infrastructure needs. Competing priorities include necessary improvements to the Police Department, 21 Main Street, the W.A.R.F., and the Town Shop, where deferred maintenance—such as roof repairs—poses direct risks to personnel and service delivery. No staff are currently assigned to 18 Court Street, and existing capacity does not support additional operational responsibilities.

Conversely, disposition of the property would eliminate these ongoing burdens, return the building to the tax rolls, and create opportunities for private investment and job creation. While the Town would forgo future use of the space, current and anticipated needs can be accommodated through existing facilities and alternative locations. In this context, the property represents a limited-service asset for municipal operations but a potentially valuable contributor to the Town's long-term economic development and tax base growth.

### **Traffic & Parking:**

The Madison-Dale proposal includes an offer to the Fauquier County Government to redevelop the 10 Hotel street building (Old Warren Green Hotel) as well as the 18 Court Street property. The 10 Hotel Street building has a traffic load of 45-50 employees and customers daily. The 18 Court Street when fully occupied and used as the town hall building carried a traffic load of 25-30 employees and users daily. The Town's zoning ordinance provides relief (exemption for on-site parking) to properties in the CBD for parking when they are within 300' of a municipal parking lot. A traffic impact analysis is not required until certain thresholds are met. Unless the peak hour traffic generated by the use is greater than 500 vehicles, or greater than 5,000 vehicles per day, the Town does not require the traffic study. Special Use permit applications do require a traffic analysis with the submission regardless of the number of trips generated. Section 8-23 of the Town Code regulates the confinement and removal of trash on the property. Currently, the Town is working with EOTW on shared municipal dumpsters to align with the refuse requirements in Old Town.

## **Policy Direction/Warrenton Plan 2040**

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### **Historic Resources Goals**

**HR-1: Conserve, reuse, and promote historic resources to enhance the Town's sense of place and grow the economy.** Transitioning the building to private ownership creates the opportunity for adaptive reuse that the Town is currently unable to support financially. This enables the historic structure to be conserved and reinvested in a way that activates the space, enhances local economic activity, and returns the property to productive use.

**HR-2: Preserve the authenticity and tell the stories of historic resources for generations to come through documentation.** Transitioning the property to private ownership creates an opportunity for a dedicated buyer to invest the necessary capital to authentically preserve and highlight the building's history—an investment the Town is currently unable to make. Through the Town's established zoning and architectural review processes, we can ensure the structure's historic narrative is not only protected but actively integrated into a dynamic new use. This allows the building's story to be lived and experienced by the community for generations to come, rather than remaining dormant under municipal ownership.

**HR-3: Educate the community on the value of historic resources.** A successful private adaptive reuse project will transform a dormant building into a highly visible, practical example of historic preservation in action. By allowing private investment to revitalize the space, the property becomes an active, lived-in part of the community. This breathes new life into its story, serving as a powerful, tangible educational tool that showcases the value and viability of reinvesting in Warrenton's historic fabric.

**HR-4: Enhance the environment through preservation and sustainability best practices.** Selling the property unlocks the private capital necessary to implement modern sustainability and preservation best practices—a level of investment that would be challenging to execute using public funds. Through robust permitting and design review oversight, the Town retains the authority to guide this private investment, ensuring the building's rehabilitation enhances the environment while meticulously honoring and restoring its historic architecture.

**HR-5: Protect the rich histories of existing neighborhoods.** The sale empowers the Town to leverage its strong regulatory framework and architectural review standards to ensure the neighborhood's rich history is honored and protected. By transitioning to an oversight role, the Town can mandate that the private redevelopment respects the historic context of the site. This facilitates the critical financial investment needed to restore the property's prominence and character within the neighborhood without draining public resources.

**HR-6: Promote asset-based economic development through historic resources.** By transitioning this property to the private sector, the Town transforms a static municipal liability into a vibrant, revenue-generating asset. This sale attracts the vital capital required to fully restore the building's historic grandeur, directly promoting economic development that is authentically anchored in the downtown core's heritage. The revitalized property will stand as a testament to how historic assets, when backed by necessary investment and guided by municipal oversight, can drive modern economic vitality.

### Community Facilities Goals

**CF-1: Serve as the central inviting public service center for Town and County residents with a proportionate share of community services provided by other governments, including a fair and reasonable balance in funding sources for community facilities.** Selling 18 Court Street reduces the Town's inventory of publicly controlled space. However, because the building currently lacks functional municipal use, this sale does not diminish the Town's ability to provide central public services, as those operations are supported by alternative facilities that better meet current operational needs.

**CF-5: To provide a fiscally responsible infrastructure that maintains a high quality of life for residents, supports current businesses, and attracts new employers with a stable tax structure.** The sale strongly supports this goal by relieving the Town of ongoing maintenance obligations and significant capital costs associated with remediation, ADA compliance, and system upgrades. Consistent with Strong Towns principles, this disposition allows limited public funds to be redirected away from an underutilized asset and toward higher-priority facilities that directly support municipal service delivery.

### Economic & Fiscal Resilience Goals

**E-1: Grow a strong, diversified, and resilient economy that supports residents and businesses alike.** Repositioning a limited-service municipal building into a private commercial asset returns the property to the tax rolls. This incremental development supports broader economic vitality and contributes to a more resilient and diversified local tax base.

**E-2: Increase the employment base to allow residents to live and work in Warrenton.** Enabling private investment and commercial revitalization of the property directly supports local job creation and economic activity within the downtown core.

**E-3: Promote Warrenton as a cultural, entertainment, and arts center.** Depending on the ultimate commercial or mixed-use application proposed by the buyer, an activated 18 Court Street has the potential to introduce new venues, dining, or retail spaces that enhance the cultural, social, and entertainment draw of the Old Town area.

**E-4: Support Character Districts as unique mixed-use neighborhood centers.** Transitioning this site to private, active use bolsters the Old Town Character District by turning a vacant or underutilized footprint into a contributing element of a vibrant, walkable, mixed-use environment.

**E-5: Be proactive in the Town's Economic Development.** The Town's willingness to evaluate redevelopment proposals, and strategically realign its assets reflects a deliberate, active role in economic development, rather than passively holding an underutilized structure.

## Land Use & Character Districts

**L-1: Organize Land Use According to Character Districts in select areas and protect existing neighborhoods.** The sale facilitates the transition of the property to a use more aligned with the commercial and mixed-use focus of its specific Character District, while utilizing existing infrastructure and structures rather than encroaching on established residential neighborhoods.

**L-2: Old Town Character District: The Old Town Character District will include a mix of infill and new mixed-use development that is designed to maintain, preserve, reuse, and renovate Old Town's historic character.** Selling the property is the catalyst needed to bring this objective to life. By transitioning the building to the private sector, the Town invites the vital investment required to transform an underutilized space into a vibrant, active contributor to the Old Town Character District. Rather than a vulnerability, the Town's strong regulatory framework and architectural review processes serve as a powerful safeguard. This oversight ensures that the private redevelopment will seamlessly maintain, preserve, and beautifully renovate the historic character of the building, achieving exactly what Plan 2040 envisions for this district.

## Alignment with Strong Towns Principles

The proposed sale of 18 Court Street is fundamentally aligned with the Strong Towns approach to municipal governance, which prioritizes long-term financial resilience, productive land use, and the strategic allocation of public resources. Retaining a municipally owned building that requires substantial capital investment while producing limited service value represents an inefficient use of public funds. The disposition of this property embraces the following core Strong Towns concepts:

- **Eliminating Unproductive Liabilities:** A central tenet of Strong Towns is that municipalities must not take on or maintain long-term liabilities that do not generate a sustainable return on investment for the community. By divesting the deferred maintenance, ADA compliance costs, and future capital obligations of an underutilized building, the Town halts a continuous drain on its balance sheet.

- **Maximizing Land Productivity:** Strong Towns advocates for maximizing the financial productivity of land, particularly in historic downtown cores. Transitioning 18 Court Street to the private sector transforms a static public liability into a revenue-generating asset. It returns the property to the tax rolls and encourages private investment, increasing the economic yield of this central downtown parcel.
- **Fostering Incremental, Private-Led Growth:** Rather than the Town taking on the heavy financial burden of a massive, publicly funded renovation, the sale allows the private sector to step in. This encourages incremental development and adaptive reuse, allowing the historic structure to evolve organically to meet current market demands while preserving its structural presence.
- **Prioritizing Essential Infrastructure:** Strong Towns emphasizes that local governments should focus their limited resources on maintaining the critical infrastructure that already exists and serves the core needs of citizens. The sale enables the Town to redirect funds previously earmarked for 18 Court Street toward the upkeep and improvement of essential facilities that directly support municipal service delivery.

In this context, the disposition of 18 Court Street is not viewed as the loss of a public asset, but rather as a strategic financial realignment. It ensures the property can contribute productively to the community's wealth rather than depleting its resources, securing a more solvent and resilient future for the Town of Warrenton.

### **Fiscal Impact**

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The disposition of 18 Court Street represents a significant positive shift in the Town's financial posture, transforming a static liability into a performing financial asset. The financial impact of this sale is realized through three distinct channels: immediate capital infusion, avoidance of future liabilities, and the expansion of the long-term commercial tax base.

**Immediate Capital Infusion** The proposed purchase price of \$509,286.00 represents a direct, immediate infusion of capital into the Town's reserves. Rather than holding an underperforming asset, the Town can reinvest this substantial purchase amount into priority capital improvement projects, essential infrastructure, or strategic land acquisitions that better align with municipal service delivery, thereby offsetting future borrowing needs and reducing debt service burdens.

**Avoidance of Capital Liabilities** Under continued municipal ownership, the Town would be solely responsible for the heavy financial burden of rehabilitating the structure. By transitioning the property to the private sector, the Town avoids an estimated project cost range of \$1,506,000 to \$2,310,000, in immediate deferred maintenance, environmental remediation, and mandatory ADA compliance upgrades. This figure does not include the unquantified, long-term lifecycle costs of heating, cooling, and maintaining the building over the next several decades.

**Expansion of the Commercial Tax Base** Currently, as a municipally owned property, 18 Court Street generates zero tax revenue. Upon closing, the property immediately returns to the commercial tax rolls. Following the buyer's planned renovations, the expected assessed value of the revitalized property is projected to add an estimated \$395,317 in direct revenues to the Town's tax base including Business, Professional, and Occupational License (BPOL) taxes, retail sales tax, and meals tax as well as the additional secondary tax impacts.

**Projected Revenue Overview** As illustrated in **Chart 1: Projected 5-Year Fiscal Impact** (attached), the compounding effect of the upfront sale proceeds, the massive reduction in avoided capital expenditures, and the introduction of new, recurring tax revenues produces a highly favorable net financial outcome. This trajectory directly aligns with Plan 2040 and Strong Towns principles by ensuring the Town's assets are financially productive and contribute positively to our long-term fiscal resilience.

<b>Tax Revenue Projections</b>						
Real Estate @ \$0.055	4,675	4,675	4,909	4,909	5,154	5,154
Business Property @ \$1.00	5,500	4,500	3,500	2,500	1,500	1,500
Sales Tax	5,573	5,852	6,145	6,452	6,774	7,113
Meals Tax @ 6%	300,000	315,000	330,750	347,288	364,652	382,884
Lodging Tax @ 4%	68,328	71,744	75,332	79,098	83,053	87,206
<b>BPOL:</b>						
Hotel @ \$0.1683	6,241	6,553	6,881	7,225	7,586	7,965
Restaurant @ \$0.10	5,000	5,250	5,513	5,788	6,078	6,381
	<u>395,317</u>	<u>413,574</u>	<u>433,028</u>	<u>453,259</u>	<u>474,797</u>	<u>498,204</u>

**Retention of the building:** While the sale of the property generates capital and expands the tax base, choosing to retain 18 Court Street carries severe and immediate financial consequences for the Town. Debt Service and Tax Rate Impact The immense capital required to remediate the structure, achieve full ADA compliance, and modernize failing mechanical systems cannot be absorbed by the Town's current operating budget. Funding a renovation of this scale would necessitate the issuance of municipal bonds. To responsibly cover the annual debt service on these bonds, the Town would be forced to enact a multiple-cent increase to the real estate tax rate or identify other sources of revenue.

Retaining this property would effectively place a direct, long-term financial burden on all Town taxpayers to subsidize a building with limited operational utility.

**Opportunity Cost and Pressing Municipal Needs:** Furthermore, dedicating this magnitude of public capital to 18 Court Street would severely compromise the Town's ability to address other, highly critical infrastructure deficiencies. The capital improvement requirements of our primary public safety, public works, and core administrative facilities are far more pressing and imminent than the rehabilitation of a redundant historic structure. Prioritizing a multi-million-dollar investment into 18 Court Street over the essential facilities that directly support daily municipal service delivery represents an unsustainable misallocation of public funds and contradicts the Town's commitment to responsible fiscal stewardship.

## **Legal Impact**

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The sale of public property requires compliance with applicable Virginia statutes and Town ordinances. Ordinance 2026-04 has been introduced to consider the sale of the property, establishing the legal framework for potential disposition.

The sale of 18 Court Street would require the Town to ensure full compliance with Virginia state law governing the disposition of public property. This includes proper public notice, appraisal of the property to establish fair market value, and adherence to Town Policies. Any deviation from these requirements could expose the Town to legal challenges from prospective buyers or the public, potentially delaying the sale or creating liability.

Additionally, the transfer of ownership would shift responsibility for compliance with building codes, accessibility standards, and environmental regulations to the private buyer. This reduces the Town's legal exposure for ongoing maintenance, safety, or code violations.

## **Timing Impact**

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**Rezoning and other operations should happen in conjunction with the sale of 18 Court Street.**

## **ATTACHMENTS**

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- 2.
- 3.