

**TOWN OF WARRENTON
ZONING TEXT AMENDMENT
to the
CENTRAL BUSINESS DISTRICT (CBD):
RESIDENTIAL DEVELOPMENT DENSITY**

STATEMENT OF JUSTIFICATION

Introduction

The text amendment to the Warrenton Zoning Ordinance is to modify the Central Business District (CBD) provisions to increase residential density in the downtown area. The CBD covers the Old Town area of Warrenton and typically refers to the historic market area of the Town which traditionally included commercial, services and residential uses. This mixed use provides for the retail, customer and local services of a vibrant downtown: the live-work center of the community. The buildings are older and often do not adapt to conversion easily or accommodate newer zoning or building regulations. The buildings are mixed use with commercial/retail on the first floor and offices or supportive residential on the second and/or third floors.

The events of the last year have placed considerably economic strain on the downtown core in Warrenton. The pandemic and resulting loss of employment and office space to home work and job restructuring has altered the economic center of the community. Retail sales and office employment has declined due to isolation and distancing. Office occupancy has plummeted hitting the upper floor/back office operations and increasing the vacancy rate for office uses. This lack of income for property owners has reduced viability for building support and produced difficulty in meeting debt service, especially in older buildings. The loss of office rent for 3-5 offices in the upper floors means 40% decline or more in income with its resultant loss in sales tax, BPOL tax and increased difficulty in paying real estate tax. There are no other options for building use as the existing residential density, when applied to the small lots in the downtown area, does not allow for replacement of offices with apartments.

The traditional development of a downtown core from the 19th Century is small retail uses as the center of social and economic activity of the community. These uses were characterized by small lots and commercial business tailored to the surrounding population. The ground floor was retail as such use would pay more for the space and outbid residential use for the street access. The upper floors were storage for the commercial activity or office/residential use to compliment the ground floor commerce. These residential uses also provided some of the economic base (market) for the retail and generated activity on the street beyond the typical business hours of 9 am to 5 pm, extending the demand for restaurants and some retail use to 9 or 10 pm in the evening and offering added security with people on the street.

The lots were small to avoid excess land purchase for business use and enable minimal overhead for the sale of items. The high demand for land in the center of the community generated higher land cost and competition for land producing smaller lots and higher value goods. The evolution of retail to the suburbs has decentralized the business core and created the need for significant square footage (for commercial use) to produce volume sales over local service, which cannot be provided on the smaller downtown lots. The businesses in downtown are predominantly specialty uses and restaurants that can adapt to the small lots. However, they must utilize the upper floors of existing buildings to support the first floor and justify the cost or rent. These small lots have resulted in very limited space for office or residences as the density requirement of the Zoning Ordinance or the parking regulations restrict the use of upper floor space. Often, buildings cannot be fully utilized or properly adapted to other uses.

Warrenton has a stable CBD, but very limited expansion ability due to the adjacent development and parking lots. Land is limited and adjacent development has restricted expansion without significant expense for purchasing individual parcels. The potential for additional residential use in Old Town would be a significant improvement in the commerce of the area. Such uses would not interfere with commercial activity – residents would leave the area for work freeing up parking for retail customers. The residents would be a built-in market for retail uses buying goods and using services available in Old Town further supporting the retention of local business. In addition, local residences would monitor the area (“eyes on the street”) and produce visible population that deters crime and vandalism.

An analysis of the density along Main Street and some of the adjacent side streets indicate the impact of a potential change in development density (Table 1). As a result of the small lots, a doubling of the CBD development from 25 dwelling units per acre to 50 dwelling units per acre is warranted to provide additional economic vitality. This only produces a limited number of new residences as the small parcel size limits the mathematical production of increased dwelling units. Most of the parcels would receive 1-3 dwelling units in addition to the existing allowable under the current zoning regulations – *should they wish to use it*. Larger lots along Main Street are owned by the Town and institutional uses (church, Moose Lodge, etc.) and would not use the opportunity for new residences. Lots at 35 Main, 9 No. 3rd, 78 Main and 100 Main represent the bulk of the potential growth from new density (+ 35.2%). However, these would be limited to the old density as they are over 0.5 acres, under the new proposal. New dwelling units represent a maximum of 195 new residential units in the downtown resulting from the additional density.

Dwellings in the downtown are more affordable than the rest of Warrenton. They tend to be 1 or 2 bedroom units that rent for \$1200-1500 per month. Such units are affordable in relation to the housing stock and appeal to single occupancy, couples and millennials. The market for downtown locations is improving as a boutique address as well as the center of the community. This same approach is being used in new towns and planned unit developments that aim for a live/work/shop environment.

Zoning

The current zoning in the downtown is Central Business District (CBD). The intent of the District is maintenance and revitalization of downtown commerce via reuse of existing buildings consistent with the Comprehensive Plan, preservation of the historic character, mixed uses to promote the downtown core, uniform design/coordination of buildings and the creation of a pedestrian environment consistent with the surroundings. This indicates that mixed uses within an existing building are encouraged. Uses permitted by-right in the District are a reflection of the existing development in the CBD. These include churches, retail, service business, government, museums, offices, restaurants, etc.

Many of the buildings are mixed-use. They contain retail or office use on the first floor and offices or residential apartments on the second and/or third floors. In the past, retail usage of the first floor was often followed by storage on the upper floors (depending on the availability of basement space). However, as the size of retail uses expanded in square footage and diversity of goods offered, the smaller buildings in downtown could no longer accommodate the use. Grocery, hardware and other consolidated uses sought greater land outside the CBD and developed land along the Rt. 211 Bypass and similar spaces. As a result, downtown buildings looked for other options focusing on office and residential reuse of the upper floors to supplement income and diversify the productive use - much like larger cities.

The average lot size along Main Street and the adjacent areas is only 0.10 acres or 4515 square feet (Table 1). The CBD provides for very flexible lot/bulk regulations that offer compatibility for most uses. However, the density for residential use is limited to 25 dwelling units per gross acre (Warrenton Zoning Ordinance; 3-4.11.6). As a result, the average lot can have no more than two (2) dwelling units which represents most of the downtown parcels. For most structures, this would not be an incentive for redevelopment of the upper floors of an older, historic building. Further, removing the 3 largest private parcels from the group results in an average of only one (1) dwelling unit available for each of 35 parcels.

The proposed increase in development density for residential in the CBD is 50 dwelling units per acre. While this appears to be a major increase in the potential for apartments in each building, the small average size of the lots generates only one (1) additional unit per lot – from 1 unit to 2. Table 1 indicates the impact of the zoning on each lot for Main Street and the adjacent side streets. Generally, most lots would realize 1-3 prospective dwellings while only a few lots could generate up to 8 additional apartments. These are existing buildings and the limited square footage of the upper floors also restricts the potential for added dwellings.

One method for comparing the viability of a higher density is to look at other communities similar to Warrenton and see how they deal with the traditionally historic core of the community with limited land area and the desire to retain the historic appearance of their Old Town. Warrenton has often used “benchmark” communities of similar character to assess the techniques they use in accommodating the same issue. Communities used as comparables for Warrenton include the Towns of Blacksburg, Christiansburg, Culpeper, Front Royal, Herndon, Leesburg, Middelburg, Purcellville and Vienna. Each of these towns contains zoning regulations specific to the downtown or Old Town areas to insure their protection as the historic center of the area

and their economic continuity for the future. Typical elements of their ordinances relating to residential use in the Central Business District include:

- Use of the existing residential zoning districts for the density of residential development in the CBD or have no density guidelines
- Connection of development with the historic character and/or regulations of the Historic District
- Utilize minimum dwelling unit size of 300-600 square feet, among other performance standards
- Reserve the ground floor for commercial use and restrict residential uses to the above-ground floors
- Require residential development above a certain density to obtain a Special Use Permit (eg: Leesburg allows 5 units in mixed-use buildings by-right and a SUP for any proposal in excess of 6 units). *Apparently, the use of a SUP for increased residential density is no longer allowed under the Virginia Code (15.2-2288.1).*

The Town of Blacksburg provides an excellent comparable for Warrenton as it links the historic character to the residential development potential. Their regulations indicate that such use is a part of the protection and retention of structures in the downtown and are afforded preferential treatment in the form of a density bonus. That targets adaptive reuse of existing buildings and offers an incentive for their continued viability. The density bonus is regulated by the Special Use Permit process and provides for up to 96 bedrooms per acre on parcels up to ½ acre in area and 72 bedrooms per acre for parcels ½ to 1 acre (equivalent of 48 units/acre and 36 units/acre, respectively). Performance standards include designs consistent with downtown buildings, parking available on site or within ¼ mile and durable exterior materials (wood, brick, concrete; no vinyl).

Increased Density in the Central Business District

The proposed density for residential units in the CBD was derived from the diminutive size of the parcels that frequent the downtown area. These were commercial parcels that were created in the 19th century to accommodate the small shops and the competitive character of land costs at that time. As a result, the business area evolved as a limited shopping area with smaller, specialized shops to serve the surrounding town.

The majority of those parcels along Main Street are less than 1/10 of an acre with the average of the adjacent area 0.12 acres. The existing zoning does not provide more than one (1) residential dwelling unit (any part thereof is restricted to the lower whole unit under zoning interpretation). We tested varying densities to the average and individual lot sizes and could not achieve any significant increase in the residential development potential sufficient to justify the investment necessary to allow conversion or reuse from office to residential use and meet current building codes..

Buildings in the downtown have limited upper floor space, but more space than required for a single residential unit. The existing density would not effectively utilize the available floor space with only 1 or 2 dwelling units. To obtain the density necessary to utilize the upper floor

spaces, a doubling of residential units was required to offer a real opportunity for conversion from office to residential. The smaller lots produced 2-4 units, which better fit the available floor space. A lower density created a fraction of a unit that would not be allowed under zoning (rounding is down, not up). The larger lots (0.2-0.4 acres) generated additional units per lot, but in a limited number that did not adversely affect the downtown with traffic, parking or Town services.

We reviewed a number of parcels for the impact of the proposed density. The following examples (Map 2) represent the effect of 50 units per acre on selected parcels, while the effect on the entire CBD is summarized on the attached Table 1 for Main Street and Table 2 for the CBD.

Example 1 Terrace's Flowers/Miller Carpet – 7 Main Street

The current building is 2 stories on Main Street with an additional floor on the rear due to topography. It has one apartment on the top floor and additional square footage used for storage. The first floor is commercial in accordance with the ordinance. The owner has requested an addition residential unit to fully utilize the upper floor, but was limited by the zoning density. One additional unit would be allowed under the proposed density and the current owner would exercise this to add the apartment. The lot size of 0.0778 acres would only allow the one added unit.

Example 2 9 North 3rd Street

This property has 0.3514 acres with frontage on both Main Street and 3rd Street. The first floor and part of the second floor are commercial and the third floor is residential (8 units). The second floor of 9 North 3rd is currently vacant due to the decline in the office market and the inability of renting the office space. Any attempt to convert the office space to residential is restricted by the zoning density and the floor remains vacant. The owner wishes to create four (4) new 2 bedroom units on the second floor which would be eligible by the proposed density. This would be the maximum allowable and would improve the viability of the building and its renovation.

Example 3 TFB – 10 Courthouse Square

The TFB property is comprised of two (2) parcels owned by Fauquier National Bank. The Waterloo parcel is 0.1667 acres occupied by the wealth management division (offices) and the Courthouse Square parcel is 0.254 acres with retail banking on the first floor and administrative offices on the second floor. The property is currently for sale after a merger with Virginia Bank. The commercial first floor would be retained and the second floor of each building would be eligible for conversion, subject to the performance criteria proposed in the amendment to Articles 7 and 9. The Courthouse Square parcel has a 4-story brick building of 14,456 square feet. With the first floor required for commercial use, the upper floors of 10,842 square feet could be converted to, roughly, 12 residential units of 800 square feet each. The existing zoning density would provide for 6 dwelling units on the property, while the proposed zoning amendment

would allow up to 12 units. This would enable a more reasonable use of the upper floors consistent with the available square footage, but not excessive for the property.

We met with a number of property owners in the downtown area. They related the decline in commercial demand, specifically office use, but were not aware of the potential for residential use and the prospective income available. Most were familiar with apartment use, but remembered \$400-\$600/month rents. Current rents are \$1200-1500/month and represent a competitive option for existing office space. The increased density was an attractive alternative for adaptive reuse as the market shifts.

Comprehensive Plan

The Warrenton Comprehensive Plan (Plan Warrenton 2040, adopted April 13, 2021) identifies the downtown area as the hub of the Town of Warrenton – its cultural, social and historic center of the community. The area is part of the Old Town Character District and suggested for mixed use housing along the arterial highway. *The Plan does not provide any specific recommendation for density in the downtown area or in combination with mixed use buildings. It proposes use of the building configuration, height and existing form as a guide to the development instead of definitive density or floor area ratios.* The Plan indicates the need for housing diversity and multiple uses to support the Old Town area.

The Plan incorporates a general goal of increased diversity in housing for the downtown and offers housing policies that support increased mixed use opportunity (Policy H-1.1); encouragement of housing types (Policy H-2.2); increase of workforce housing (Policy H-2.3); and improvement of the existing housing stock (Policy H-3.2). The existing development in the CBD is already mixed use, but with the existence of small lots the expansion of residential development is significantly limited.

The Comprehensive Plan identifies the downtown as part of the Old Town Character District. It recommends that this area be focused on adaptive reuse and mixed uses for the next 20 years to protect the historic resources, enhance the character of the CBD and promote the fiscal resilience of the center of Town. It suggests that the CBD should be the most intense and diverse area of the Town representing the economic, social and cultural center of activity. It specifically suggests:

“One of the Town’s priorities is to develop more diverse housing types and a range of amenities for future residents that retain the Town’s unique character while providing for commercial uses. Getting the type of development that offers more variety will also mean changing what’s currently allowed in the Town’s Zoning Ordinance.” (Character District Design Guide Book; p.3)

The Old Town Character District objectives include maintenance of historic character and protection of historic resources (L.2.1); revitalization of Lee and Horner Streets (such as improved residential for expanded retail base (L.2.6); mixed uses, live-work lofts and *higher density residential development* (L.2.8); and promote a streetscape with a walking experience to maintain the character of downtown (L.2.12). These and other Old Town goals would aim to

preserve and maintain the character of downtown Warrenton and promote it as the center of the community.

The Plan also recommends an Overlay District for Arts and Culture in Old Town. This has been investigated before and adds a vibrant element to the downtown to compliment retail, services and residential uses. Other communities such as Culpeper have made use of this type of district as a central part of their downtown revitalization efforts with considerable success. The Arts and Cultural Overlay District “... *can attract new residents, entrepreneurs and businesses to contribute to the economic vitality ...*” of the downtown (Arts and Cultural Overlay in the Old Town; p. 40). The availability of additional housing in the downtown would complement this by offering potential customers, provide live-work housing and offer apartment/studio space for local artists. Such housing would provide an entirely new opportunity for the CBD and is specifically indicated in the Arts and Cultural Overlay section (Housing; p. 42).

The Comprehensive Plan supports the increase in housing in the Old Town District, but the current zoning does not as the application of the current density does not produce any significant increase in housing for existing buildings. As indicated in the Plan, such increased housing would add to the economic support, provide affordable housing and improve the live-work opportunity and reduce vehicle traffic (by placing residents closer to their jobs or shopping opportunities). Such increase would also further the maintenance and support of the downtown area by providing for adaptive reuse of buildings and increasing the economic viability of Old Town structures.

The potential for adaptive reuse of historic structures is critical for the existence of downtowns such as Warrenton. Older buildings are more difficult to accommodate new uses and the ability to retain the economic viability of the building determines its future. Planning and historic literature is full of studies demonstrating the need for adaptive reuse of older buildings with identified benefits as:

- Preserving historic character of the community;
- Sustaining the community identity and its traditional population center;
- Encouraging reinvestment in existing structures instead of demolition;
- Improving community safety with local population that will monitor and report crime and vandalism; and
- Boost the downtown market of traditional retail and commercial goods by improving the economic base for local purchases.

Transportation/Parking

The Warrenton downtown is well served by local streets, which provide access predominantly to land use. The two bypass routes – Route 15/29 and Route 211 – offer excellent circulation around the Town for through traffic. As a result, Main Street is used to access the commercial core and related nearby residential uses. Little or no through traffic travels to/along Main Street and the adjacent routes in downtown. The potential new residential development of 195 dwelling units could generate 0.56 trips per unit (ITE Trip Generation Manual, 10th edition; Common Trip Rates for multi-family housing). This would produce approximately 110 vehicle

trips per day, distributed to Main Street, Horner Street and/or Lee Street via the various secondary routes from the downtown. None of this would significantly compound traffic congestion in the downtown. Circulation in the larger CBD would have access to the radial streets of Winchester, Waterloo, Alexandria Pike, Falmouth, Culpeper and Academy Hill to distribute traffic and accommodate travel into/out of the CBD.

Parking that would result from the added dwelling units would generally need adequate spaces in public or private lots. However, there are numerous parking facilities existing in downtown that previous studies have demonstrated are adequate and possess excess spaces (Town study of downtown parking from the 2009 comprehensive Plan). In addition, the demand for retail and residential parking is complimentary in that residents often commute, leaving the downtown prior to opening of local business, while the local business closes prior to the return of resident from work. The only conflict might be from residents who work locally and walk to their employment and weekend shopping when residents may be home. However, it had been shown that as much as 15% of those residents forgo auto ownership as their employment and shopping needs are available locally. This would typically encourage lower car ownership than the 2+ vehicles per household and limit further parking impact. There are a number of public parking lots surrounding the downtown that accommodate parking.

The Comprehensive Plan suggests that the future need for additional parking should be considered for a public structure as a developmental benefit for downtown location and development. Such a structure could be provided via public funding, joint public/private development or third-party funding with a fee structure based on downtown usage (Appendix: Proposed Parking Fee Schedule)..

Impacts

The impacts of the rezoning are negligible as the actual increase in residential dwellings in the CBD is small due to the restricted lot sizes, particularly along Main Street, Lee Street and Horner Street. However, the potential increase in residential units in Old Town would have a significantly positive impact on the downtown commercial development. Each dwelling unit represents 1.8 persons per unit and could improve the market area for support of businesses in Old Town. These individuals would frequent local restaurants, shop at local retail outlets and increase sales tax and real estate tax revenues for the Town.

The density study of properties along Main Street and its side streets indicates that as many as 195 additional dwelling units could be realized from the change in zoning to fifty (50) dwelling units per acre. More realistically, about 105 units would be added for a range of 189-262 new population downtown. *The increased per capita income from this development would be \$700,900 to \$1,835,925 to support local business (2019 Census income per capita) or approximately 4600-7300 square feet of retail uses.* This would encourage similar new development or, more likely, support of existing retail to insure infill and continuation of the Old Town commercial core. The growth in income would also improve property values, increasing real estate tax and expand sales tax through increased purchases. The Old Town has already suffered significant losses of commercial expenditures to the bypass and this activity can reverse that trend to retain the commercial core.

Generally, the downtown residential units are one to two bedroom due to the limited space associated with the conversion of existing buildings. Rents are in the \$1200-\$1600 per month range, averaging \$1500 per month (local realtors) and the US Census estimate for median rents in Warrenton of \$1353 per month (2020 Census). The rents suggest that these units also provide alternative housing as affordable and/or workforce dwellings that support the Town housing stock. Local employees and millenials seeking a downtown location will find this housing type reasonable and provide the local support necessary to stabilize/grow the downtown commercial core.

There is potential increase in the consumption of sewer and water services from the Town. The addition of new residential units would alter the use of these services in comparison with the offices that would generally be displaced. While the equivalent office use would include more employees than residents, the residential consumption of services is considerably greater. The average office has 4-5 employees which generates 40-50 gallons per day (10 gal/employee). The average 1-2 bedroom apartment would generally contain 2 residents producing about 120-180 gallons per day (60-80 gal/person). This is a 2-3 fold increase or, as applied to the assumed residential growth on Main Street, about 19,500 gallons per day for the entire area. The Public Works Department of Warrenton has indicated that such impacts would be easily accommodated in the existing sewer and water systems.

There are no natural or scenic resources that would be compromised by the rezoning. In addition, it would maintain the neighborhood and insure the availability of workforce housing for the Town and area employees, both public and private. No changes in the existing structures are proposed and the character of the areas adjacent to the downtown will be maintained.