



ARLINGTON COUNTY, VIRGINIA

County Board Agenda Item Meeting of October 15, 2022

DATE: September 27, 2022

SUBJECT: ZOA-2022-03, FBC-26 and N-FBC-13 Amendments to Articles 7, 8, 11, 12 and 18 along with Appendix A (Columbia Pike Special Revitalization District Form Based Code) and Appendix B (Columbia Pike Neighborhoods Special Revitalization District Form Based Code) of the Arlington County Zoning Ordinance (ACZO) to allow micro-fulfillment centers through the provision of use standards in the RA4.8, R-C, RA-H-3.2, C-1, MU-VS, C-O-1.0, C-O-1.5, C-O-2.5, C-O, C-O-A, C-O Rosslyn, C-O Crystal City, C-2, C-TH, C-3, C-R, CP-FBC, CPN-FBC, CM, M-1 and M-2 districts, and to categorize and define micro-fulfillment center.

C. M. RECOMMENDATION:

Adopt the attached ordinance to amend, reenact and recodify Arlington County Zoning Ordinance (ACZO) Articles 7, 8, 11, 12, and 18 along with Section 3 of Appendix A, and Part 9 of Appendix B to allow micro-fulfillment centers through the provision of use standards in the RA4.8, R-C, RA-H-3.2, C-1, MU-VS, C-O-1.0, C-O-1.5, C-O-2.5, C-O, C-O-A, C-O Rosslyn, C-O Crystal City, C-2, C-TH, C-3, C-R, CP-FBC, CPN-FBC, CM, M-1 and M-2 districts, and to categorize and define micro-fulfillment center.

ISSUES: No issues have been identified as of the date of this report.

SUMMARY: This proposed amendment to the Arlington County Zoning Ordinance (ACZO) would allow for the inclusion of micro-fulfillment centers in a range of mixed-use, commercial, and industrial zoning districts. Micro-fulfillment uses allow for quick delivery of goods to consumers in defined and discrete trade areas thus providing residents greater consumer choice and access to goods. The concept is often referred to as the “last mile” of the customer fulfillment process requiring a much smaller scale than the larger, more typical warehouse facilities.

This is the first application of the County Manager’s strategy to ensure commercial market resiliency in Arlington. With this application, staff has piloted a new process which included a broadly drafted request to advertise followed by targeted engagement and continued technical research in advance of this public hearing. Based on this continued work, the attached ordinance

County Manager:

County Attorney:

Staff: Jill Hunger, CPHD
Marc McCauley, AED

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includes the proposed definition of micro-fulfillment center, specific zoning districts in which a micro-fulfillment center may be established, and several use standards intended to mitigate the use.

BACKGROUND: On April 26, 2022, the County Manager presented a strategy to the County Board for fostering a resilient commercial market base. This strategy is a targeted effort to support: 1) a robust commercial real estate market, particularly a continuation of our focus on reducing the County’s commercial vacancy rate; 2) a balanced fiscal outlook, where commercial real estate continues to contribute significantly to total County revenues; 3) a strong and growing business community by encouraging and advancing private sector innovation and entrepreneurship; 4) consumer choice that supports a strong and dynamic housing and tourism market; and 5) the maintaining and building of great, sustainable places.

A key aspect of the Commercial Market Resiliency strategy is to provide a new, quicker process for the establishment of commercial uses that are not clearly defined in the ACZO today. The pace of economic change and innovation that affects land use has quickened dramatically over the past several years. This includes significant shifts in where and how we work, consumer behaviors and expectations, and business practice innovations. These shifts and changes have reduced the depth of demand for conventional activities within commercial spaces. Further, this has challenged our understanding of what were once well-defined land uses and where and how these types of activities occur within our commercial and mixed-use buildings. As the economic model has changed, and will continue to change, more dynamic planning and zoning strategies are needed for Arlington to compete regionally and nationally.

The Commercial Market Resiliency strategy introduced a new process for considering zoning strategies for new uses. For proposed new or amended uses that are determined by staff to have a scale or type of activity that has limited impacts on the surrounding area, a quicker, more efficient process was presented that allowed for an initial period of staff analysis, a broadly scoped Request to Advertise, a streamlined engagement process and continued analysis, a descriptive summary of the proposed action included in legally required advertisement, and then County Board consideration of the zoning ordinance amendment. The goal of applying this different approach for new or amended uses is to have them ready for County Board consideration more quickly than other typical zoning studies. As the County has actively been working with a potential tenant interested in expanding to Arlington, the micro-fulfillment center use consideration was presented to the County Board as the first application of this new approach.

DISCUSSION: Micro-fulfillment uses provide a “last mile” solution to delivery of goods to consumers. Unlike larger fulfillment centers associated with traditional ecommerce, these uses are of a smaller scale and focus on meeting the demand of consumers in a defined and discrete geographic area for goods that can be delivered within minutes of the ecommerce purchase. To provide this “right now” delivery option, these uses must locate proximate to its consumers. Thus, various businesses operating in this emerging sector are actively seeking space in Arlington’s mixed-use neighborhoods to access the dense clusters of desirable customers more readily.

Currently, without a specific definition in the ACZO, a micro-fulfillment center would likely be viewed as most approximate to warehouse and freight movement – a use only permitted in Arlington’s industrial districts. Such districts are limited and are far from market and Arlington’s high-density mixed-use corridors and planned growth areas. Therefore, the importance of more broadly allowing for a micro-fulfillment use in other parts of Arlington is twofold. First, these uses will provide occupancy opportunities for commercial spaces that are in challenging locations for conventional retail. Second, the existence of this use will support Arlington’s competitive market positioning for residents, workers and visitors who will come to expect these types of services and the convenience they offer.

Since the County Board’s authorization to advertise this zoning ordinance amendment, staff has continued to research the scale, nature and impacts of micro-fulfillment uses and has had the opportunity to speak with a micro-fulfillment center operator. The proposed zoning ordinance amendment presented in Attachment 1 further refines: 1) the definition, 2) classification as a retail use, 2) the specific commercial/mixed-use and industrial zoning districts in which the use is appropriate as a retail use, and 3) use standards that are deemed relevant to mitigating any identified negative impacts.

Staff has proposed the following definition: “Any establishment for the receipt, transfer, short-term storage, and dispatching of retail and other similar goods.” Several jurisdictions, including Fairfax County, has used this or a close facsimile to define micro-fulfillment centers.

The proposed use standards, some of which have been adopted by other jurisdictions, including Fairfax County and Prince William County among others, are recommended by staff to mitigate the activity on-site and include:

- Limitations on square footage of the use.
 - Smaller than typical distribution centers, a micro-fulfillment center typically occupies between 6,000 – 10,000 square feet.
 - The proposed amendment limits the micro-fulfillment center to 10,000 square feet.
- Location of the use and its relationship to active street frontages and ground floor building space.
 - Micro-fulfillment centers provide an opportunity to expand the “right-now” delivery models in Arlington while filling less than desirable, “back-of-house” space with limited to no visibility or access to the street level.
 - Some micro-fulfillment centers have a small in-person customer sales area. Staff have crafted use standard language to accommodate micro-fulfillment centers with and without this customer sales area.
 - The proposed amendment would limit micro-fulfillment centers from operating in spaces with direct pedestrian access from the street unless specific criteria for a walk-in customer sales area is met including the size and the depth.
- Parking requirements.
 - Staff recommends a parking ratio of one parking space per 1,000 square feet of floor area, or one space for every two on-site employees, whichever is the greater.
- Delivery operations to and from the use.

- As this is a delivery-based retail sales model, staff developed use standards to require that all fulfillment and delivery activities occur within the building or on-site.
- To encourage transportation modes other than vehicles, staff recommends that no less than 10 percent of all deliveries to off-site customers must be by bicycle or pedestrian. Further, to limit the number of large delivery trucks on non-arterial streets, staff recommends that vehicular delivery of goods to off-site customers only use passenger cars, pickups and panel trucks defined in [§ 46.2-100, Code of Virginia](#) and referenced in Chapter 14.2 Motor Vehicles and Traffic of the Arlington County Code.
 - "Passenger car" means every motor vehicle other than a motorcycle or autocycle designed and used primarily for the transportation of no more than 10 persons, including the driver.
 - "Pickup or panel truck" means (i) every motor vehicle designed for the transportation of property and having a registered gross weight of 7,500 pounds or less or (ii) every motor vehicle registered for personal use, designed to transport property on its own structure independent of any other vehicle, and having a registered gross weight in excess of 7,500 pounds but not in excess of 10,000 pounds.
- Finally, to confirm that deliveries to off-site customers meet the modal split and vehicular type as required, staff recommends that a bi-annual audit including, at a minimum, orders and delivery modes shall be furnished upon the request of the Zoning Administrator.

PUBLIC ENGAGEMENT:

Level of Engagement: **Communicate**

Given the limited impact of this proposed use as micro-fulfillment centers would be located in commercial/mixed-use districts, staff's assessment that relatively few micro-fulfillment centers would be established in Arlington in the coming years, and that targeted use standards are proposed, staff is using tools primarily from the Communicate levels of engagement. Staff believes this level of engagement is appropriate.

Outreach Methods:

- Public notice was given in accordance with the Code of Virginia §15.2-2204. Notices of the Planning Commission and County Board public hearings for this zoning ordinance amendment were placed in the September 20, 2022, and the September 27, 2022, issues of the Washington Times for the October 3, 2022, Planning Commission and October 15, 2022, County Board Meetings.

In addition to the above legal requirements:

- In July 2022, staff briefed the Planning Commission and the Economic Development Commission on the Commercial Market Resiliency strategy.
- Upon approval of the request to advertise and in advance of the September 2022 Zoning Ordinance Committee of the Planning Commission (ZOCO) meeting, staff published an overview of this proposal on the County's [Zoning Studies website](#).

- Additionally, a [Commercial Market Resiliency](#) web page has been established and includes information about this micro-fulfillment center proposal as well as future proposals. Staff contact information is available, along with a comment feedback form for submitting comments about this and other proposed uses directly to staff.

Community Feedback: During the presentations made to the Planning Commission and the Economic Development Commission about the Commercial Market Resiliency strategy, staff highlighted the micro-fulfillment use as a pilot of this new strategy. Comments about the proposed strategy were generally favorable with minor clarifying questions about the definition of a micro-fulfillment center. Staff also provided similar presentations to the Arlington Chamber of Commerce and NAIOP. Again, comments were generally favorable about the overall strategy. Staff has presented to ZOCO and will be presenting to the Planning Commission at its October 3, 2022, meeting.

ZOCO: After a staff presentation at the September 13, 2022, ZOCO meeting, members asked several questions about the draft text. These questions centered on the recommended maximum gross floor area (GFA) of 10,000 square feet, the reference to non-commercial vehicles in the use standards, the public outreach to civic associations and other neighborhood groups, and concerns about the lack of enforceability on some of the use standards.

Staff has researched industry best practices on these matters as part of the zoning study. In addition, staff discussed commercial space needs with a micro-fulfillment center operator. This research affirmed staff's recommendation for a maximum of 10,000 square feet, which is as appropriate threshold for these uses and will accommodate the various models of micro-fulfillment centers. Recognizing that the term "non-commercial vehicles" referred to numerous vehicle types, sizes and weights, staff has recommended using "passenger cars, pickup or panel trucks" to define the types of motor vehicles. This is discussed in greater detail above in the use standards section. Staff has worked closely with the Zoning Administrator to develop use standards that can be enforced. Finally, the public outreach is reflective of this newly instituted process for zoning ordinance amendments completed as part of the Commercial Market Resiliency initiative, as referenced in more detail in the Background and Public Engagement sections.

FISCAL IMPACT: This proposed amendment to the ACZO has no fiscal impact.

CONCLUSION: Staff recommends that the County Board adopt the attached ordinance to amend, reenact and recodify Arlington County Zoning Ordinance (ACZO) Articles 7, 8, 11, 12, and 18 along with Section 3 of Appendix A, and Part 9 of Appendix B to allow micro-fulfillment centers through the provision of use standards in the RA4.8, R-C, RA-H-3.2, C-1, MU-VS, C-O-1.0, C-O-1.5, C-O-2.5, C-O, C-O-A, C-O Rosslyn, C-O Crystal City, C-2, C-TH, C-3, C-R, CP-FBC, CPN-FBC, CM, M-1 and M-2 districts, and to categorize and define micro-fulfillment center and for other reasons required by public necessity, convenience, general welfare, and good zoning practice as shown in Attachment 1.

AN ORDINANCE TO AMEND, REENACT, AND RECODIFY ARLINGTON COUNTY ZONING ORDINANCE (ACZO) ARTICLES 7, 8, 11, 12 AND 18 ALONG WITH SECTION 3 OF APPENDIX A, AND PART 9 OF APPENDIX B TO ALLOW MICRO-FULFILLMENT CENTERS THROUGH THE PROVISION OF USE STANDARDS IN THE RA4.8, R-C, RA-H-3.2, C-1, MU-VS, C-O-1.0, C-O-1.5, C-O-2.5, C-O, C-O-A, C-O ROSSLYN, C-O CRYSTAL CITY, C-2, C-TH, C-3, C-R, CP-FBC, CPN-FBC, CM, M-1 AND M-2 DISTRICTS, AND TO CATEGORIZE AND DEFINE MICRO-FULFILLMENT CENTER, AND FOR OTHER REASONS REQUIRED BY PUBLIC NECESSITY, CONVENIENCE, GENERAL WELFARE, AND GOOD ZONING PRACTICE AS SHOWN IN ATTACHMENT 1.

Be it ordained that the Arlington County Zoning Ordinance Articles 7, 8, 11, 12, and 18, along with Section 3 of Appendix A, and Part 9 of Appendix B are hereby amended, reenacted, and recodified, to allow micro-fulfillment centers through the provision of use standards in the RA4.8, R-C, RA-H-3.2, C-1, MU-VS, C-O-1.0, C-O-1.5, C-O-2.5, C-O, C-O-A, C-O Rosslyn, C-O Crystal City, C-2, C-TH, C-3, C-R, CP-FBC, CPN-FBC, CM, M-1 and M-2 districts, and to categorize and define micro-fulfillment center, and for other reasons required by public necessity, convenience, general welfare, and good zoning practice as shown in Attachment 1.

In the proposed amendment:

- Text proposed to be added is shown with underline and text proposed to be deleted is shown with ~~strikethrough~~.
- Where paragraphs have been inserted or deleted, all subsequent paragraphs would be renumbered accordingly, and all references throughout the ACZO and Appendices A and B (FBC and N-FBC) would be updated accordingly.

ATTACHMENT 1

Article 7. Commercial/Mixed Use (C) Districts

§7.1. Commercial/Mixed Use (C) District Use Tables

§7.1.2. Commercial/mixed use (C) districts principal use table

COMMERCIAL/MIXED USE (C) DISTRICTS PRINCIPAL USE TABLE																					
	Specific Use Types	RA4.8	R-C	RA-H	RA-H-3.2	C-1-R	C-1	MU-VS	C-1-O	C-O-1.0	C-O-1.5	C-O-2.5	C-O	C-O-A	C-O ROSSLYN	C-O CRYSTAL CITY	C-2	C-TH	C-3	C-R	Use Standards
KEY: C = requires use permit and site plan approval; P = allowed by-right; U = requires use permit approval; S = requires site plan approval; Blank cell = not permitted																					
Retail, Service and Commercial Use Categories (See §12.2.5)																					
Retail, Sales (See §12.2.5.G.2(a))	Bakeries	S	S		S	P	P	P		S	S	S	S	P	S	S	P	P	P	P	§12.5.21
	Drug stores	S	S		S	P	P	P		S	S	S	S	P	S	S	P	P	P	P	§12.5.5
	Florist or gift shops	S	S		S		P	P		S	S	S	S	P	S	S	P	P	P	P	§12.5.8
	Grocery stores, convenience	S	S		S	P	P	P		S	S	S	S	P	S	S	P	P	P	P	§12.5.9
	Grocery stores	S	S		S		P	P		S	S	S	S	P	S	S	P	P	P	P	§12.5.10
	Kiosks					U	U	U	U	U	U	U	U	U	U	U	U	U	U	U	§12.5.12
	Meat or fish markets, and delicatessens	S	S		S	P	P	P		S	S	S	S	P	S	S	P	P	P	P	§12.5.21
	Micro-fulfillment center	S	S		S		P	P		S	S	S	S	P	S	S	P	P	P	P	§12.5.14
	Large-format retail						U	U						U			U		U	U	
	Newsstands	S	S		S	P	P	P		S	S	S	S	P	S	S	P	P	P	P	§12.5.21
	Nursery, flower or plant stores	S	S		S			P		S	S	S	S	P	S	S	P	P	P	S	§12.5.15
	Open-air markets	U	U	U	U	U	U	U	U	U	U	U	U	U	U	U	U	U	U	U	§12.5.17
	Secondhand stores	S	S		S		P	P	S	S	S	S	S	P	S	S	P	U	P	P	§12.5.24
	All other retail sales uses	S	S		S		P	S		S	S	S	S	P	S	S	P	P	P	P	§12.5.21

Article 8. Industrial (M) Districts

§8.1. Industrial (M) District Use Tables

§8.1.2. Industrial (M) districts principal use table

INDUSTRIAL (M) DISTRICTS PRINCIPAL USE TABLE					
Use Category	Specific Use Types	CM	M-1	M-2	Use Standards
KEY: P = allowed by-right; U = requires use permit approval; S = requires site plan approval; Blank cell = not permitted					
Retail, Service and Commercial Use Categories (See §12.2.5)					
Retail Sales (See §12.2.5.G.2(a))	Drug store	P	P	P	§12.5.5
	Florist or gift shop	P	P	P	§12.5.8

INDUSTRIAL (M) DISTRICTS PRINCIPAL USE TABLE					
Use Category	Specific Use Types	CM	M-1	M-2	Use Standards
KEY: P = allowed by-right; U = requires use permit approval; S = requires site plan approval; Blank cell = not permitted					
	Grocery store	P	P	P	§12.5.10
	Kiosks	U	U	U	§12.5.12
	Large-format retail establishments	U	U	U	
	Micro-fulfillment centers	P	P	P	§12.5.14
	Nursery, flower or plant store	P	P	P	§12.5.15
	Open air markets	U	U	U	§12.5.17
	All other retail sales uses	P	P	P	

Article 11. Overlay and Form Based Code Districts

§11.1 CP-FBC, Columbia Pike Form Based Code District

§11.1.5 Columbia Pike Form Based Code district principal use table

The following use table summarizes the principal use regulations of the CP-FBC district.

COLUMBIA PIKE FORM BASED CODE DISTRICT PRINCIPAL USE			
Use Category	Specific Use Types	CP-FBC	Use Standards
KEY: P = allowed by-right; U = requires use permit approval; Blank cell = not permitted			
Retail, Service and Commercial Use Categories (See §12.2.5)			
Retail Sales (See §12.2.5.G.2(a))	Florist or gift shops	P	§12.5.8
	Grocery, fruit or vegetable stores	P	§12.5.10
	Micro-fulfillment centers	P	§12.5.14
	Nursery, flower or plant store	P	§12.5.15
	Open-air markets	U	§12.5.17.
	All other retail sales uses	P	

Article 12. Use Standards

§12.2. Use Categories

§12.2.5. Retail, service and commercial use categories

G. Retail

1. Characteristics

Companies or individuals involved in the sale, lease, or rental of new or used products, or providing personal or repair services to the general public.

2. Examples

(a) Sales

Examples of retail sales include kiosks; second-hand stores; open air markets; farm

stands; **micro-fulfillment centers**; and stores selling, leasing or renting consumer, home and business goods including alcoholic beverages; appliances; art and antiques; art supplies; auto supplies; baked goods; bicycles; books, stationary, cards; cameras; carpet and floor coverings; crafts; clothing; computers; convenience goods; dry goods; electronic equipment; fabric; flowers; furniture; garden supplies; groceries; hardware; home improvements; household products; jewelry; liquor; meat, fish, produce, beverages and/or specialty foods; medical supplies; musical instruments; pet food and/or pets; pharmaceuticals; picture frames; office supplies and equipment; plants; printed material; sporting goods; stationery; tobacco and related products; and vehicle parts.

§12.5. Commercial/Mixed Use Standards

§12.5.14. Micro-fulfillment centers

- A. The maximum gross square feet for a micro-fulfillment center shall not exceed 10,000 square feet.
- B. Micro-fulfillment center may not operate in locations or spaces that have direct pedestrian access from the street unless all of the following criteria are met:
 - 1. At least 10% of the floor area is designated for walk-in customers; and
 - 2. Floor area dedicated for walk-in customers must extend at least 15 feet from the entrance with direct access; and
 - 3. Customers can conduct a transaction on-site.
- C. Parking shall be provided at 1 space per 1,000 sq. ft. of floor area, or one space for every 2 on-site employees, whichever is the greater.
- D. Deliveries of goods:
 - 1. Bicycle or pedestrian delivery of goods to off-site customers must account for no less than 10 percent of all deliveries.
 - 2. Vehicular delivery of goods to off-site customers shall only use passenger cars, pickups and panel trucks defined in [§ 46.2-100, Code of Virginia](#) and referenced in Chapter 14.2 Motor Vehicles and Traffic of the Arlington County Code.
 - 3. A bi-annual audit including, at a minimum, orders and delivery modes shall be furnished upon the request of the Zoning Administrator.
- E. All fulfillment and delivery activities at the establishment shall occur within the building(s) and/or on-site.

Article 18. Definitions

§18.2. General Terms Defined

Micro-fulfillment center. Any establishment for the receipt, transfer, short-term storage, and dispatching of retail and other similar goods.

Commercial Form Based Code (Appendix A)

Section III. The Regulating Plans

Table 3.1

FORM BASED CODE GROUND STORY USE TABLE				
Use Category	Specific Use Types	Permitted (P) or Use Permit (U)	Restricted on Principal Arterials per III.B.5.D	ACZO Use Standards
Retail, Service and Commercial Use Categories				
Retail, Sales	Drugstore	P		§12.5.5. §12.5.22.
	Grocery store	P		§12.5.10. §12.5.22.
	<u>Micro-fulfillment centers</u>	<u>P</u>		<u>§12.5.14</u>
	All other retail sales uses	P		§12.5.21.

Neighborhoods Form Based Code (Appendix B)

Part 9. Building Use Standards

901. Building Use Table

BUILDING USE TABLE			
Use Category	Specific Use Types	Permitted (P) or Use Permit (U)	ACZO (§) and N-FBC (Section) Use Standards
Retail			
Retail, Sales	Grocery stores	P	§12.5.10 §12.5.22
	Kiosks	U	§12.5.12
	Nursery, flower or plant stores	P	§12.5.16 §12.5.22
	Open-air markets	U	§12.5.18
	Florist or gift shops	P	§12.5.8 §12.5.22
	<u>Micro-fulfillment centers</u>	<u>P</u>	<u>§12.5.14</u>
	All other retail sales uses	P	§12.5.22
	Drugstores	P	§12.5.5 §12.5.22