

# COMMONWEALTH of VIRGINIA

# **Department of Alcoholic Beverage Control**

COMMISSIONERS JEFFREY L. PAINTER, CHAIRMAN JUDITH G. NAPIER HENRY L. MARSH, III 2901 HERMITAGE ROAD P. O. BOX 27491 RICHMOND, VIRGINIA 23261 (804) 213-4400 FAX: (804) 213-4411 www.abc.virginia.gov

CHIEF OPERATING OFFICER/SECRETARY TO THE BOARD TRAVIS G. HILL.

#### NOTICE OF INITIAL DECISION AND RIGHT OF APPEAL

IN THE MATTER OF

VENTURE CAPITAL BREWING COMPANY, LLC

VENTURE CAPITAL BREWING CO.

8401 HOLLIS LANE

VIENNA, VIRGINIA 22182-5162

APPLICATION FOR

BREWERY (500 BARRELS OR LESS ANNUALLY)

INCIDENT NO.

201702280101

Enclosed is the decision on the above license application.

Interested parties are entitled to an appeal hearing before the Board at its central office in Richmond. If such a hearing is desired, the Board must be notified in writing within thirty days after the date of the mailing of this notice. All interested parties will be notified of the date and time of the appeal hearing.

The decision has been filed with the Board for its review. If the Board proposes to modify the decision, Special Notice of the proposal, with similar notice of right of appeal, will be sent to the interested parties by the appeal deadline.

In the absence of an appeal, your new license, if issued, will become effective when it (along with the Board Order) is delivered by the special agent.

Very truly yours,

Clara A. Williamson

Administrative Hearing Officer

Clara a. William

Venture Capital Brewing Company, LLC Laura Gori, Esq. Elizabeth Parker Enforcement

Enforcement Mailing File Appeal

Mailing Date: 07/14/2017 Appeal Deadline: 08/14/2017

#### 1 VIRGINIA ALCOHOLIC BEVERAGE CONTROL BOARD 2 RICHMOND 3 IN THE MATTER OF VENTURE CAPITAL BREWING COMPANY, LLC VENTURE CAPITAL BREWING CO. 4 8401 HOLLIS LANE VIENNA, VIRGINIA 22182-5162 5 APPLICATION FOR BREWERY (500 BARRELS OR LESS ANNUALLY) 6 201702280101 INCIDENT NO. 7 At Alexandria, Virginia HEARING HELD 8 April 25, 2017 9 ADMINISTRATIVE CLARA A. WILLIAMSON 10 HEARING OFFICER 11 **APPEARANCES** FOR THE BOARD: 12 Katie Kelly, Senior Special Agent 13 FOR THE OBJECTORS: 14 Laura Gori, Esq. Senior Assistant County Attorney for Fairfax County 15 Suite 549, 12000 Government Center Parkway Fairfax, Virginia 22035-0064 16 Leslie Johnson, Zoning Administrator for 17 Fairfax County 18 Elizabeth Parker, President 19 Bailiwick Homeowners Association 2254 Teel Drive 20 Vienna, Virginia 22182 21 William Loggins, Secretary, Bailiwick Homeowners Association 22 Carol Klingler, Resident 23 Sanjay Seth, Resident 24

# FOR THE APPLICANT:

Stephen Self, Sole and Managing Member

Cite As:

IN RE: Venture Capital Brewing Company, LLC, APP #090888 (07/14/2017)

Reported by Melissa H. Custis, RPR

## OBJECTIONS

# (Brewery - 500 Barrels or Less Annually)

## Incident No. 201702280101

1. There exists an ordinance or regulation of the County of
Fairfax which warrants refusal by the Board to issue the
license. REF: Section 4.1-222 A.4. of the Code of

Virginia.

2. The place to be occupied by the applicant is so located with respect to a residential area that the operation of such place under the license will adversely affect real property values or substantially interfere with the usual quietude and tranquility of such residential area. REF:

Section 4.1-222 A.2.d. of the Code of Virginia.

#### I. BACKGROUND:

## A. Preliminary Matters

- 1. The hearing in this matter was convened in order to consider the Objections set forth in the Notice of Informal Conference/Hearing Before Hearing Officer, involving an application filed by Venture Capital Brewing Company, LLC, t/a Venture Capital Brewing Co. (the "Applicant"), for a Brewery (500 Barrels or Less Annually) License and Keg Permit, Incident No. 201702280101, located in Vienna, Virginia.
- 2. An Informal Conference was held prior to the hearing, during which all parties and objectors were present. It was ascertained that the Bureau of Law Enforcement ("Enforcement") was neutral regarding the granting of the license. Following commencement of the hearing, the application file was made part of the record.

#### B. Summary of Background Facts

3. On August 31, 2016, a Brewery (500 barrels or less) and Keg Permit application was received from Mr. Stephen Self, sole and managing member of the Applicant LLC, located at 8401 Hollis Lane, Vienna, Virginia, which is also the primary residence of Mr. Self. During the investigation of the application, it was learned that Mr. Self intends to set up his brewery in the garage of his residence, which is shared with and owned by Ms. Joana Gribko, a friend, and his daughter. This property is

located in the Bailiwick residential area and is zoned to the PDH-4 District (Planned Development Housing District, four dwelling unit/acre) and is developed with a single-family dwelling with a lot area of 5,581 square feet. Mr. Self agreed, during the investigation, that he would not brew beer at that location but rather would contract brew with another licensed brewery to raise capital for another location to later be determined. In order for a brewery license to be issued, the Applicant must have beer-making equipment on site and have the ability to brew beer. The garage area was unavailable for Agent Kelly's inspection when she visited the property during the investigation.

4. On January 10, 2017, a meeting occurred between Ms.

Leslie Johnson, Zoning Administrator for Fairfax County; Mr.

Self and others to discuss his application for a brewery license and desire to have a Home Occupation Permit issued for operation of his brewery. Following the meeting, a follow-up letter dated January 12, 2017, was forwarded by him to Ms. Johnson, in which he outlined specific limitations he would be willing to place on the operation of his brewery from his residence. These limitations included, inter alia, that there would be no customers or clients at this property; the property would not be open to the public; no tractor-trailers or large trucks would be used; no employees would enter the premises; use by Venture

Capital Brewing Company would be subordinate to the principal use of the lot as a dwelling; no stock-in-trade would be stored, displayed or sold on the premises; no exterior signage would be present; and no industrial or electrical equipment would be in use (see Exhibit 2). By letter dated February 3, 2017, Ms.

Johnson denied the Home Occupancy Permit, stating:

While a brewery is not specifically listed as either a permitted or prohibited home occupation, it is my determination that a licensed brewery that can produce and sell up to 500 barrels on an annual basis and hold up to 4 tasting events in association with that license is a commercial enterprise that has characteristics most similar to those uses that are specifically prohibited as a home occupation, such as an eating establishment (see Exhibit 7).

# C. Position of Objectors

5. With regard to Objection 1, Ms. Leslie Johnson forwarded a letter to Agent Kelly dated February 2, 2017, and addressed to the members of the ABC Board setting forth her objection to the application for a brewery license and keg permit submitted by Mr. Self. She stated that the subject property is zoned to the PDH-4 District and is developed with a single-family dwelling with a lot area of 5,581 square feet. She asserted that under the Fairfax County Zoning Ordinance, a brewery establishment is deemed to be a food and beverage manufacturing production and processing establishment which is permitted only in certain industrial zoning districts and not within a single-family dwelling. Therefore, the ABC Board is

not authorized to issue this license because the operation of a brewery on the subject property will potentially violate a Fairfax County Zoning Ordinance, Sections 6-102, 6-103, and 2-302(5) (see Exhibits 4 and 6). She cited the provisions of Code Section 4.1-222 A.4., providing that the Board may refuse to grant any license if "there exists any law, ordinance, or regulation of ... the Commonwealth or any political subdivision thereof, which warrants refusal by the Board to grant any license."

6. Ms. Johnson further stated in her letter dated February 2, 2017, that the Zoning Ordinance did not regulate breweries as a distinct use; instead, they are classified as a food and beverage manufacturing production and processing establishment which is only permitted in certain industrial zoning districts. She noted that a pending Zoning Ordinance amendment proposed to create a new Craft Beverage Production Establishment use. This type of establishment is defined as "a facility licensed in accordance with Title 4.1 of the Code of Virginia, as amended, in which beverages are brewed, fermented, or distilled in quantities not to exceed 20,000 barrels of beer, or 36,000 gallons of distilled spirits, wine, cider or mead on an annual basis." She stated that this use would be allowed in certain

 $<sup>^{1}</sup>$  It is noted that subsequent to the ABC hearing the application for a Keg Permit was withdrawn by Mr. Self.

commercial, industrial and planned development districts, subject to specific use limitations but would not be permitted within any residential dwelling. Accordingly, the proposed brewery use is not permitted on the subject property under the current Zoning Ordinance provisions or under the pending amendment (see Exhibit 6).<sup>2</sup>

7. With regard to Objection 2, residential objectors testified concerning their belief that the operation of this brewery under the license would adversely affect real property values or substantially interfere with the usual quietude and tranquility of the residential area.

## D. Testimony of Witnesses

8. Agent Kelly stated that the application in this case was received on August 31, 2016. Because she was not familiar with this area, she performed research and determined that the proposed brewery location was the Applicant's garage in his personal residence in a residential neighborhood. She then contacted representatives of Fairfax County and Mr. Self regarding the application and on December 30, 2016, met with Mr. Self at his home. On this occasion, Agent Kelly discussed the application process and explained the residential neighbors'

<sup>&</sup>lt;sup>2</sup> It is noted that on February 28, 2017, this amendment to the Zoning Ordinance was adopted by the Fairfax County Board of Supervisors by adding a new Craft Beverage Production Establishment definition (see Exhibit 5).

concerns and the concerns of Fairfax County. She discussed the zoning issues with him and referred him to the ABC website where he could obtain further information. She then informed Mr. Self that she would perform an investigation and requested to view the garage area; however, she was informed that the garage was unavailable for inspection as there had been a death in the family. He agreed to contact her when the area was ready for the site visit; however, as of February 28, 2017, the site inspection had not been conducted. Agent Kelly observed the close proximity of the houses in this residential neighborhood and the small amount of yardage.

9. After receiving the objections from Fairfax County, which she forwarded to the ABC Board, she again contacted Mr. Self, who informed her that he still wished to pursue his brewery application. She then generated the Request for Hearing. According to Agent Kelly, in order to qualify for a brewery license, an applicant must have working equipment on site and the ability to brew beer so that four events per year could be held. She had reviewed Mr. Self's proposed restrictions on his operation of the business and was asked whether she would personally monitor his compliance with these restrictions. Agent Kelly responded that she would not personally monitor them, but that if any violations were reported, she would take steps to enforce them. She further

Ι /

stated that no other ABC licensees were operating businesses in their homes in this neighborhood.

- 10. Ms. Leslie Johnson, who has served as the Fairfax
  County Zoning Administrator for five years, stated that she is
  familiar with the subject property and has visited the
  neighborhood and surrounding area. She submitted an aerial view
  illustrating that the property is comprised of family dwellings
  in an area zoned residential (see Exhibit 3). According to her,
  this is a PDH District, which means a planned development
  housing district comprised of single-family, detached townhouses
  and where the Board of Supervisors approves only dwellings as
  principal uses. She stated that there are five such areas in
  Fairfax County.
- 11. Ms. Johnson further stated that due to the increasing demand for commercial breweries, on February 28, 2017, the Board of Supervisors created a new use for a Craft Beverage Production Establishment. The Board adopted an amendment to Chapter 112 (Zoning) of the 1976 Code of the County of Fairfax, including a definition of this type of establishment (see Exhibit 5). She explained that this amendment gave breweries more of an opportunity to become established and broadened the places where they could be established. However, she stressed that these breweries could not be located in PDH Districts and that no breweries had ever been authorized to operate in PDH Districts.

12. With regard to the denial of a Home Occupation Permit to Mr. Self, Ms. Johnson referred to her letter of objection dated February 2, 2017, in which she stated that Home Occupations are an accessory use and permitted in any dwelling unit subject to approval of the Zoning Administrator. She further stated:

While a brewery is not specifically listed as either a permitted or prohibited home occupation, it is my determination that a licensed brewery that can produce and sell up to 500 barrels on an annual basis and hold up to 4 tasting events in association with that license is a commercial enterprise that has characteristics most similar to those uses that are specifically prohibited as a home occupation, such as an eating establishment (see Exhibits 6 and 7).

Ms. Johnson stated that she did consider and research the issue prior to making this decision and determined that the operation of a brewery is most similar to an eating establishment listed among the prohibited uses for "Home Occupations" set forth in Part 3, Section 10-303 of the Zoning Ordinance. She also noted that Mr. Self had not formally applied for this type of permit and did not do so after his receipt of her letter of denial dated February 3, 2017.

13. Ms. Elizabeth Parker, a resident of the Bailiwick neighborhood where the subject property is located and President of the Bailiwick Homeowners Association (HOA), stated that she learned of the application on March 20, 2017, and the matter was placed on the agenda for the HOA Board Meeting on April 4, 2017.

Both Mr. Self and Ms. Gribko stated their positions to the Board via teleconference. After considering all information gathered by the Board, a majority of the Board members voted to support Fairfax County's objection to the brewery license being issued. She took photographs of the neighborhood illustrating the close proximity of the homes in the area, with approximately 10 feet between many of them with no garages, and the narrow streets with no street parking (see Exhibit 8).

- 14. Ms. Parker submitted a letter dated April 24, 2017, in which she described the neighborhood as a "nice, quiet area with close and supportive neighbors." She quoted Article VIII, Section 1 of the Declaration of Covenants applicable to this property, providing that dwellings located in this area "shall be used for single family private residential purposes exclusively" (see Exhibits 9 and 10). She also submitted letters from other residents in which they expressed concern regarding traffic, parking and byproducts of the brewing process, e.g., waste, smells, and fumes if the license is granted (see Exhibit 11).
- 15. Ms. Carol Klingler, a resident of the Bailiwick area, had submitted a letter dated April 18, 2017, concerning her opposition to the granting of the brewery license in this case, received as Exhibit 12. She stated that Bailiwick is a small community of 35 homes, each of which are located on

approximately a tenth of an acre. The homes are "extremely close together," with only 18.5 feet between her home and her next-door neighbor's home. According to her, there are not many sidewalks in the area and residents walk their children and dogs at the edge of the streets, which are very narrow, with limited parking spaces. Many young children reside in the area, and school buses stop within 200 feet of the proposed brewery site. She asserted that the granting of the license would cause much more traffic on the narrow streets and affect the safety of pedestrians and children playing in the neighborhood. The proposed brewery location is at the entrance to the development and traffic for tastings and events would affect the ability of the residents to enter the neighborhood and find parking (see Exhibit 12).

16. Mr. Sanjay Seth, a resident of Bailiwick since 2004, stated that he had submitted a letter dated April 17, 2017, in which he set forth his objections to the granting of the brewery license in this case. According to him, there are 20 to 30 elementary school children in the immediate vicinity of the proposed brewery, and four to six school busses come into the area twice per day. He opined that "such an establishment could be spewing fermentation fumes, among other things, on their walk to the bus stop or while playing in the neighborhood ... a closely

packed residential area as ours with young families is not a place for such establishment" (see Exhibit 13).

17. Mr. William Loggins, a resident of Bailiwick since 2004, stated that he had submitted a letter dated April 18, 2017, setting forth his objections to the granting of the brewery license. He described the neighborhood as "very quiet and peaceful, with playground and picnic areas where children play and families socialize." He confirmed that sidewalks are limited and properties average about a tenth of an acre each in size and are very close to each other. Parking spaces are limited and "the streets are too narrow to support business use." He submitted a map illustrating his close proximity to the proposed brewery, approximately 100 yards (see Exhibits 14 and 15). He asserted that if the license is granted, the HOA would file a lawsuit for violation of the covenants set forth in the Declaration of Covenants stating that the area is exclusively for residential use.3

18. Mr. Stephen Self stated that he had originally had an interest in brewing five to fifty gallons of beer per year. On August 31, 2016, he filed an application with the ABC Board for

22

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

<sup>23</sup> 

<sup>24</sup> 

<sup>25</sup> 

<sup>&</sup>lt;sup>3</sup> A petition that had been signed by a number of residents in opposition to granting the license was submitted, marked for identification as Exhibit 16, and taken under advisement. In the Hearing Officer's view, this petition should not be received, as the relevant evidence is the detailed testimony offered by the neighborhood residents at the hearing. It is, hereby, rejected.

a Brewery (500 Barrels or Less Annually) license and Keg Permit, but subsequently withdrew the Keg Permit from consideration. He stated that at a later point during the investigation, he sought a Home Occupation Permit for his brewery business, as he had observed other businesses operating in residents' homes in this area, e.g., interior design, accounting, etc. Mr. Self stressed that during the investigation, he had stipulated that he would not brew beer on the subject property, although he was willing to have equipment on site so that he would be in a position to brew. He also agreed to additional restrictions submitted by him in connection with his request for a Home Occupation Permit, which were set forth in a letter to Ms. Johnson dated January 12, 2017, discussed herein and received as Exhibit 2.

19. Mr. Self further stated that he is seeking only to do contract brewing and has a number of potential investors if he can obtain his brewery license. He submitted a letter dated March 28, 2017, from Beltway Brewing Company confirming that this company had been in discussion with Venture Capital Brewing Company regarding the desire to contract brew their product at Beltway's facility in Sterling, Virginia, once they receive their ABC license. It was further stated in this letter, "Without VCBC obtaining their license from Virginia ABC, we are unable to coordinate those potential contracts" (see Exhibit 17).

## II. ANALYSIS AND CONCLUSIONS:

The following objection is SUBSTANTIATED:

1. There exists an ordinance or regulation of the County of Fairfax which warrants refusal by the Board to issue the license. REF: Section 4.1-222 A.4. of the Code of Virginia.

It is provided in Code Section 4.1-222 A.4. that the Board may refuse to grant any license if there is reasonable cause to believe that:

There exists any law, ordinance, or regulation of the United States, the Commonwealth or any political subdivision thereof, which warrants refusal by the Board to grant any license.

It was demonstrated by preponderant evidence in this case that a Fairfax County Ordinance exists which warrants refusal by the Board to grant the license. The Applicant herein has designated the location for the brewery as the garage in his personal residence located in a residential neighborhood. It was undisputed that this property is zoned to the PDH District and is developed with a single-family dwelling with a lot area of 5,581 square feet. Ms. Johnson testified credibly that she is familiar with the subject property and has visited the neighborhood and surrounding area. According to her, this is a PDH District, which means a planned development housing district comprised of single-family, detached townhouses and where the Board of Supervisors approves only dwellings as principal uses. She stated that there are five such areas in Fairfax County.

As discussed herein, Ms. Johnson further testified that due to the increasing demand for commercial breweries, on February 28, 2017, the Board of Supervisors created a new use for a Craft Beverage Production Establishment. The Board adopted an amendment to Chapter 112 (Zoning) of the 1976 Code of the County of Fairfax, including a definition of this type of establishment (see Exhibit 5). She explained that this amendment gave breweries more of an opportunity to become established and broadened the places where they could be established. However, she stressed that even under this amendment, breweries cannot be located in PDH Districts and that no breweries have ever been authorized to operate in such Districts. 

The Fairfax County Zoning Ordinance addressing the treatment of a "PDH District" is set forth in Article 6, Part 1, Sections 6-100, 101, 102 and 103, entitled "PDH Planned Development Housing District." The "Purpose and Intent" is set forth in Section 6-101, and provides that:

The PDH District is established to encourage innovative and creative design and to facilitate use of the most advantageous construction techniques in the development of land for residential and other selected secondary uses. The District regulations are designed to ... promote high standards in the layout, design and construction of residential development, to promote balanced developments of mixed housing types; to encourage the provision of dwellings within the means of families of low and moderate income .... (emphasis added) (see Exhibit 4).

The "Principal Uses Permitted" under Section 6-102 are listed as: 1) Affordable dwelling unit developments, 2)

Dwellings, single-family detached, 3) Dwellings, single-family attached, 4) Dwellings, multiple family, 5) Dwellings, mixture of those types set forth above, and 6) Public uses. The "Secondary Uses Permitted" are listed in Section 6-103, which provides that secondary uses shall be permitted only in a PDH District which contains one or more principal uses; only when such uses are presented on an approved final development plan prepared in accordance with the provisions of Article 16; and subject to the use limitations set forth in Section 6-106. It is provided in Section 6-106 that:

Secondary uses of a commercial nature, except Group 6 outdoor recreation uses ... shall be designed to serve primarily the needs of the residents of the planned development in which they are located, and such uses, including offices, shall be designed so as to maintain and protect the residential character of the planned development and adjacent residential neighborhoods as well (emphasis added) (see Exhibit 4).

A brewery is not listed among the secondary uses permitted in a PDH District. Indeed, it is clearly indicated that a proposed brewery use is not permitted on the subject property under the Zoning Ordinance provisions or the amendment adopted by the Board of Supervisors on February 28, 2017 (see Exhibit 5). Additionally, photographs of the neighborhood received as Exhibit 8 are illustrative of the fact that this property is

2

3

5

6

7

8

10

11

12 13

14

15

16

17

18

19

20 21

22

23

24

25

exclusively residential, with homes located extremely close together with narrow streets and little parking.

For these reasons, Objection 1 must be substantiated. The following objection is SUBSTANTIATED:

The place to be occupied by the applicant is so located with respect to a residential area that the operation of such place under the license will adversely affect real property values or substantially interfere with the usual quietude and tranquility of such residential area. REF: Section 4.1-222 A.2.d. of the Code of Virginia.

It is provided in Code Section 4.1-222 A.2.d. that the Board may refuse to grant any license if it has reasonable cause to believe that the place to be occupied by the applicant:

> Is so located with respect to any residence or residential area that the operation of such place under such license will adversely affect real property values or substantially interfere with the usual quietude and tranquility of such residence or residential area.

It has been demonstrated by preponderant evidence that the operation of this brewery in the garage of a private residence located in a residential area would substantially interfere with the usual quietude and tranquility of the residential area. area was described by residents who testified at the hearing as a "nice, quiet area with close and supportive neighbors." Ms. Carol Klingler and Mr. William Loggins both stated that Bailiwick is a small community of 35 homes, each of which are located on approximately a tenth of an acre. The homes are

"extremely close together," and there are few sidewalks in the area so that residents walk their children and dogs at the edge of the streets, which are very narrow, with limited parking spaces.

Mr. Sanjay Seth stated that there are 20 to 30 elementary school children in the immediate vicinity of the proposed brewery, and four to six school buses come into the area twice per day. He opined that "a closely packed residential area as ours with young families is not a place for such establishment."

Although Mr. Self has represented that he will not brew beer on the subject property, the granting of a brewery license to him would afford him the right to do so. Based upon the testimony of the residential objectors concerning the character and design of the neighborhood, it must be concluded that the operation of a brewery on the subject property would substantially interfere with the usual quietude and tranquility of the residential area. Consequently, Objection 2 is substantiated.

In summary, both Objections 1 and 2 have been substantiated.

It is noted that the Home Occupation Permit was denied by Ms. Johnson, which was properly within her authority and discretion as Zoning Administrator. The Hearing Officer's

authority involves deciding whether and under what circumstances the license applied for should be issued.

Accordingly, the following DECISION is entered.

# DECISION:

# (Brewery - 500 Barrels or less annually)

That the license be, and it hereby is, denied.

Entered this 14th day of July 2017.

Clara A. Williamson

Clara A. Williamson Administrative Hearing Officer