



September 17, 2014

District of Columbia Zoning Commission
441 4th Street, NW, Suite 210S
Washington, D.C. 20001

RE Zoning Commission Case No 03-12K/03-13K (250 M Street, S.E.)

Dear Members of the Commission

This letter is in support of the request from Square 769 LLC and the District of Columbia Housing Authority (DCHA) to extend the PUD approval for the construction of the office building to be located at 250 M Street, SE. I am a Senior Vice President of WCS Mortgage, a division of WC Smith established in 1991. WCS Mortgage provides mortgage banking services for properties owned by WC Smith, its principals and subsidiaries, as well as for third party owners in metropolitan Washington. WCS Mortgage structures financing for the acquisition, refinancing and redevelopment of apartment communities, hotels and office properties. WCS Mortgage has arranged financing for over 100 properties including multifamily housing communities with over 7,500 units, two hotels with over 350 suites, commercial properties with over 300,000 square feet and a child development center.

Leasing activity in the Washington region remains depressed as government contractors, law firms and federal agencies are still reluctant to commit to long term space decisions. The uncertainty in the office market has resulted in difficulty finding a lender to provide construction and permanent take out financing for an office building without a major tenant. On behalf of the joint venture between Square 769 LLC and DCHA, we have discussed financing opportunities with several lenders including Wells Fargo Bank, BB&T Bank, Bank of America and SunTrust Bank. However, no lender is interested in financing an office building "on-spec", in fact lenders are looking for buildings that are at least 70% pre-leased. In 2009, we explored the opportunity to utilize New Market Tax Credits to finance the project with the requirement of leasing the building to several non-profits, however, after several months of negotiations the tenants decided to remain in their current location and the deal collapsed. In July 2012 we worked with DCHA's wholly-owned subsidiary, District of Columbia Housing Enterprises (DCHE), to submit an application to receive a New Market Tax Credit allocation for the Project. The application is currently pending.

We believe that if we can secure a major tenant to lease the majority of the building, we will be able to capitalize on our long standing, strong relationships with the major banks we have worked with in the past to be able to provide the financing needed to commence construction. Approving the two-year PUD extension will enable us to continue searching for a conventional or creative financing solution.

Sincerely,
WC Smith

A handwritten signature in cursive script that reads 'Clare McCabe'.

Clare McCabe
Senior Vice President

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ZONING COMMISSION
District of Columbia
CASE NO.03-12S/03-13S
EXHIBIT NO.1C