Paramount Estate Limited Liability Company

BZA Application No. 21467

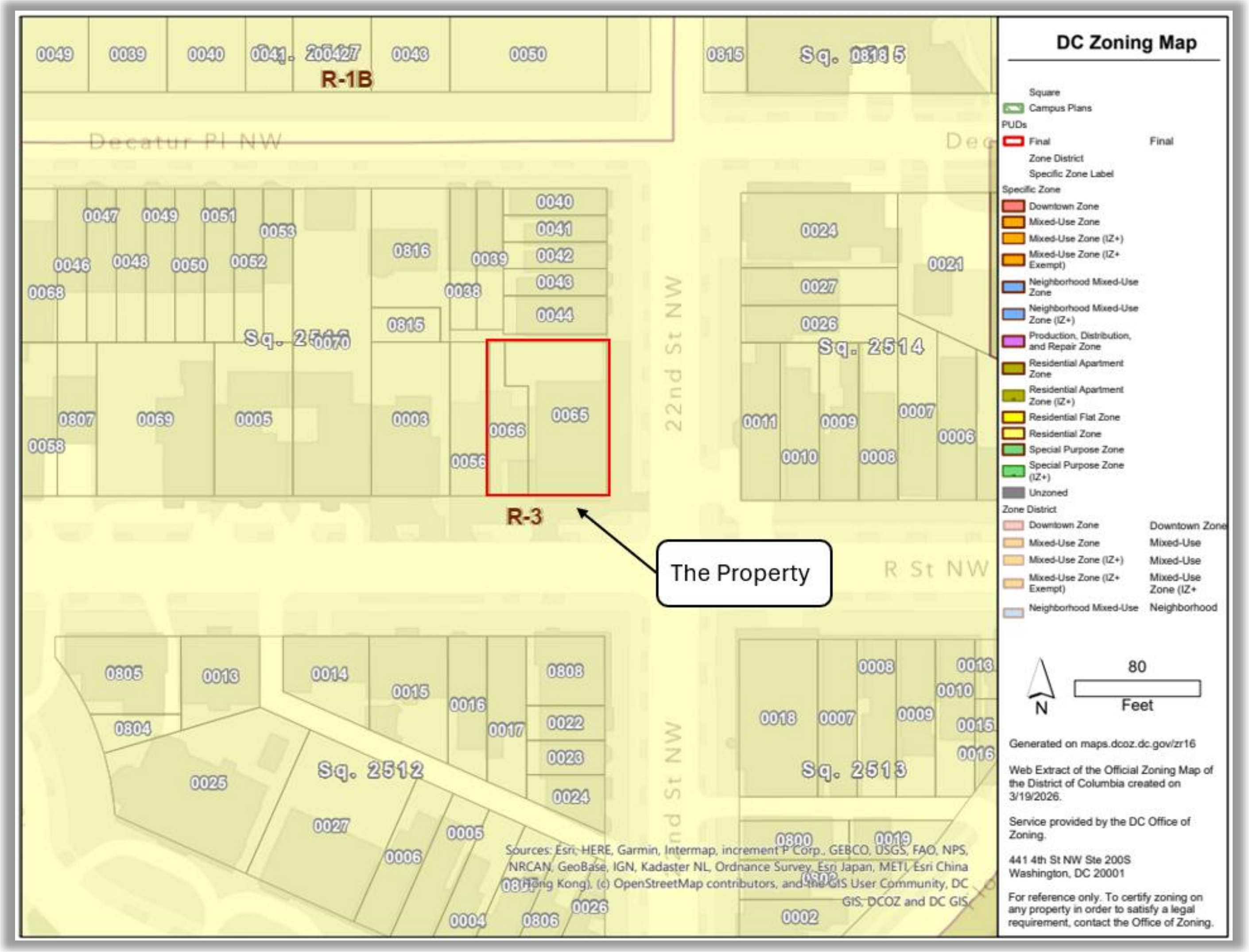
2201 R Street, NW (Square 2516, Lots 65 and 66)

Applicant's Hearing Presentation
July 29, 2026

Holland & Knight

Property Location – 2201 R Street, NW (Square 2516, Lots 65 and 66)

- Within the Kalorama Heights neighborhood.
- Located at the intersection of R Street NW and 22nd Street NW.
- Within the R-3 zone.



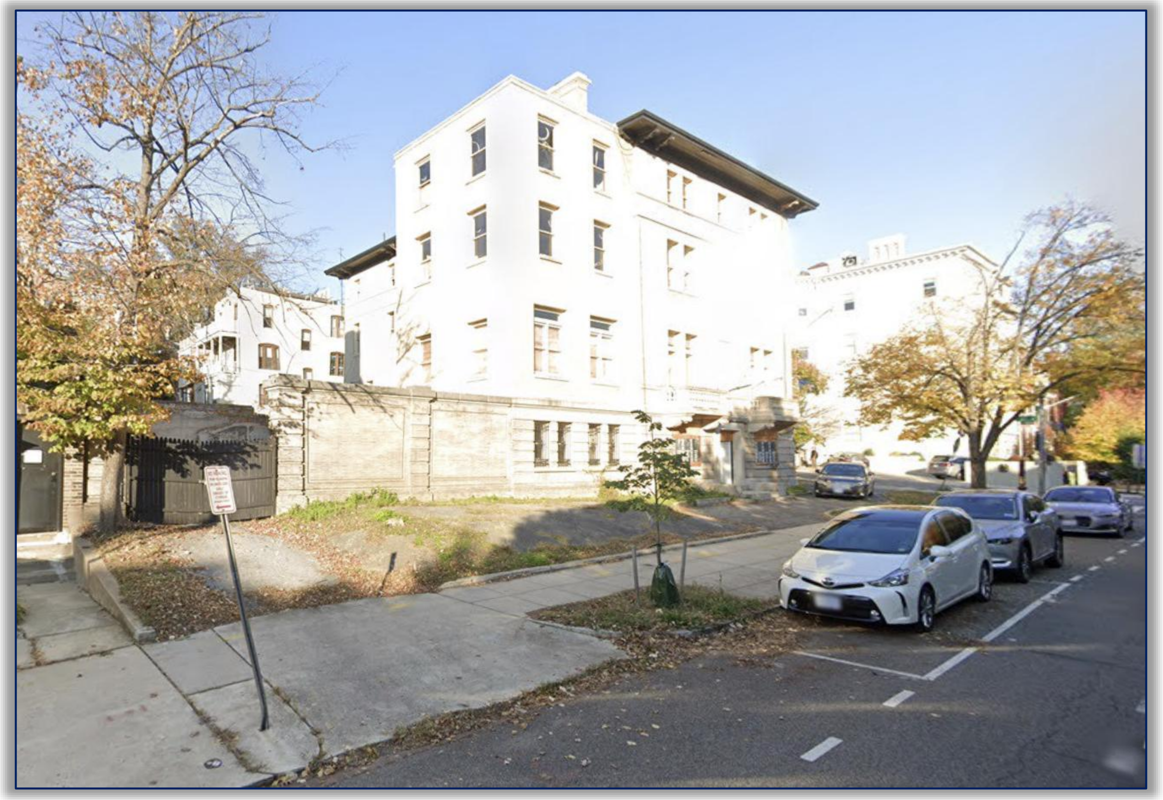
Overview of BZA Application and Zoning Relief Requested

- BZA Application **No. 21467** filed on March 25, 2026.

- Request for:
  1. **Use variance** pursuant to Subtitle X § 1002.1(b) from the matter-of-right uses of Subtitle U § 201, to allow for a six-unit multiple dwelling building within the R-3 Zone District.

- Proposed Residential Development:
  - Renovation of vacant, four-story existing building to provide six residential units.
  - No expansion of existing building footprint or GFA.
  - Five off-street vehicle parking spaces, one short-term bicycle parking space, and two long-term bicycle parking spaces.
  - Amenities:
    - Circulation and amenity space on each floor.
    - Landscaped amenity area, including a pool.

Existing Conditions



Existing Conditions

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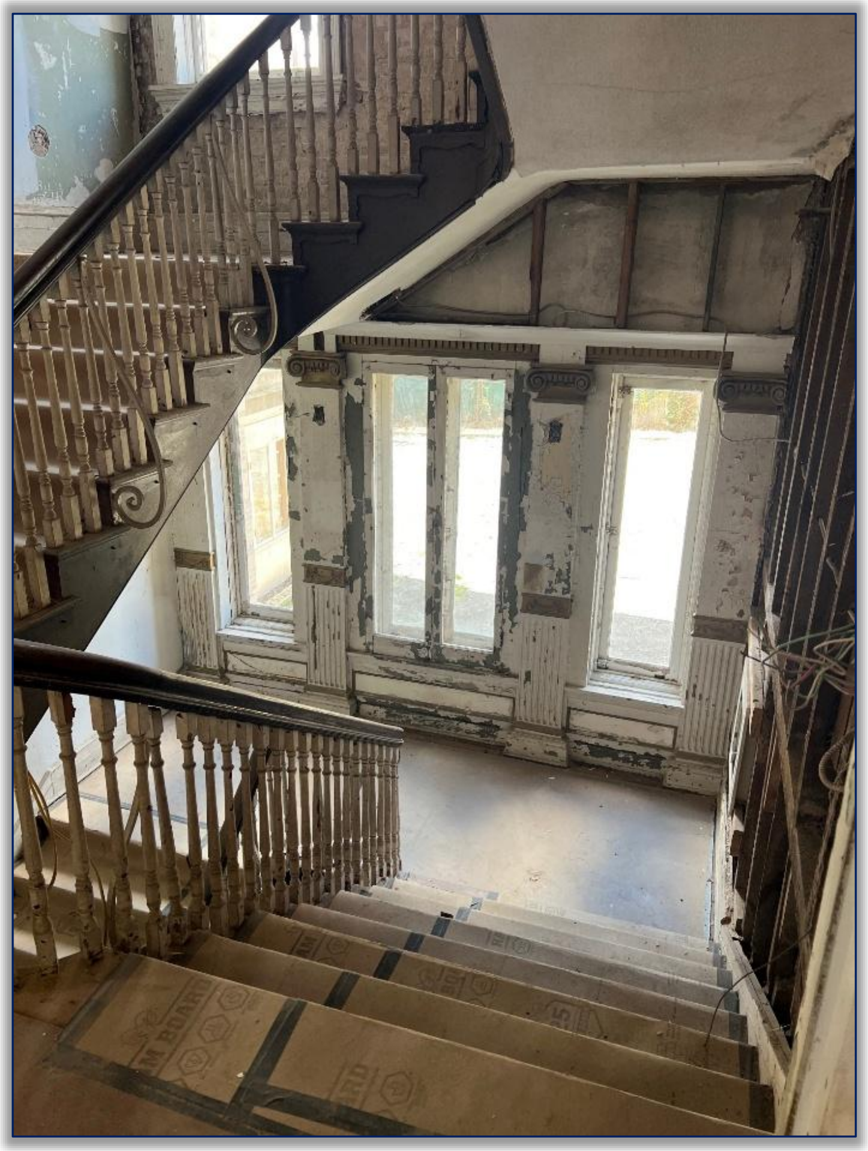
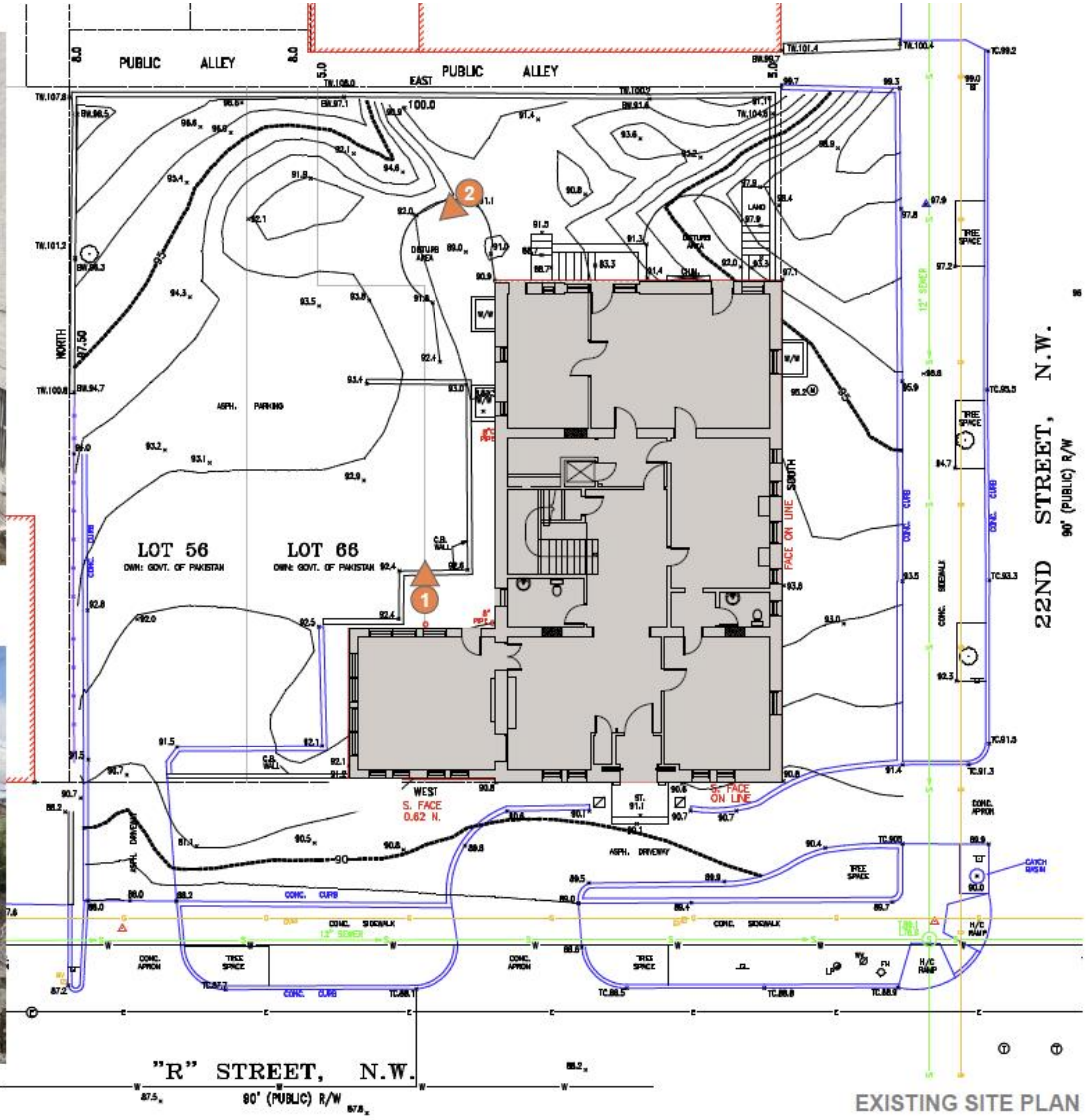


Existing Conditions

Existing Conditions

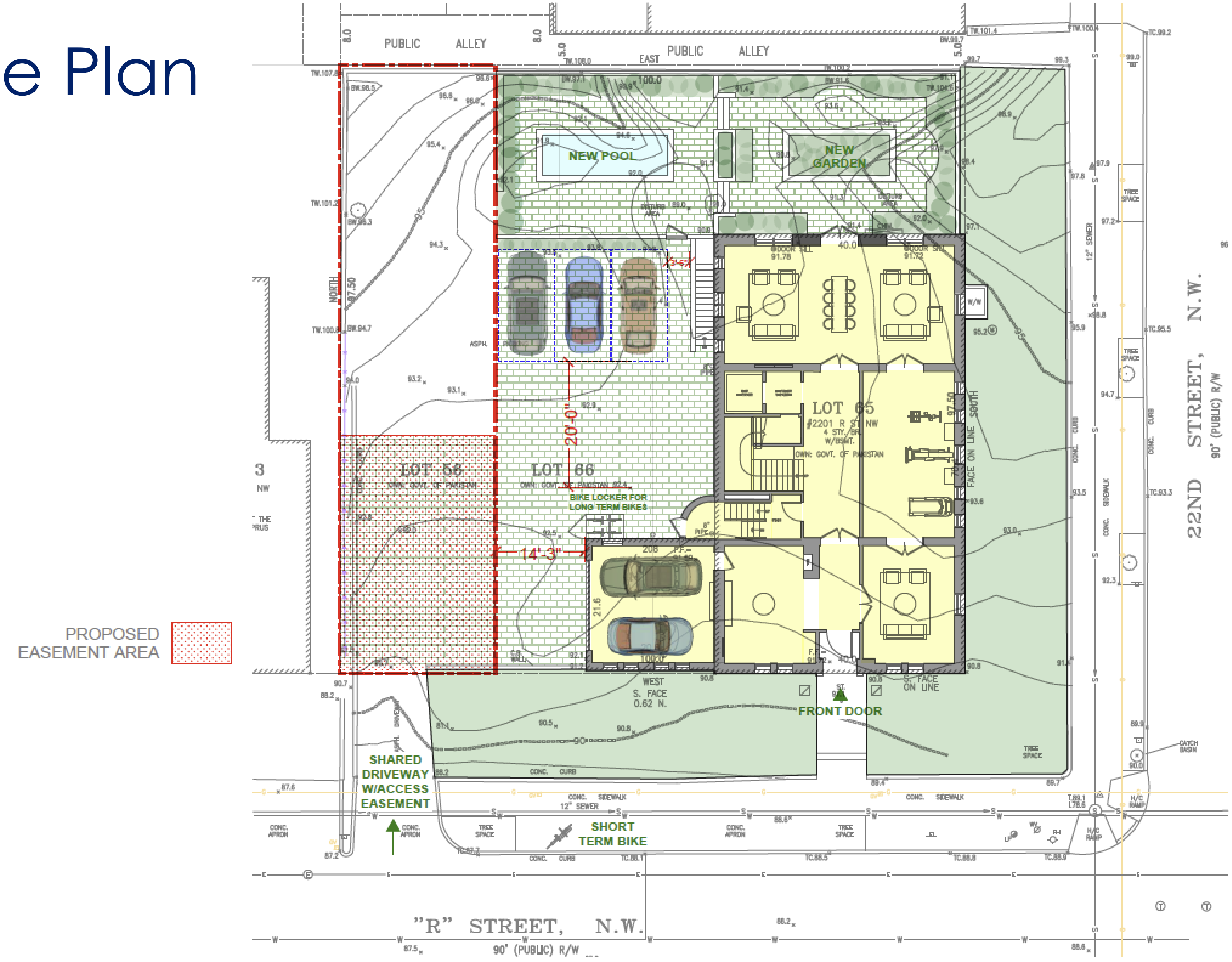
1 FACING NORTH

2 FACING SOUTHWEST

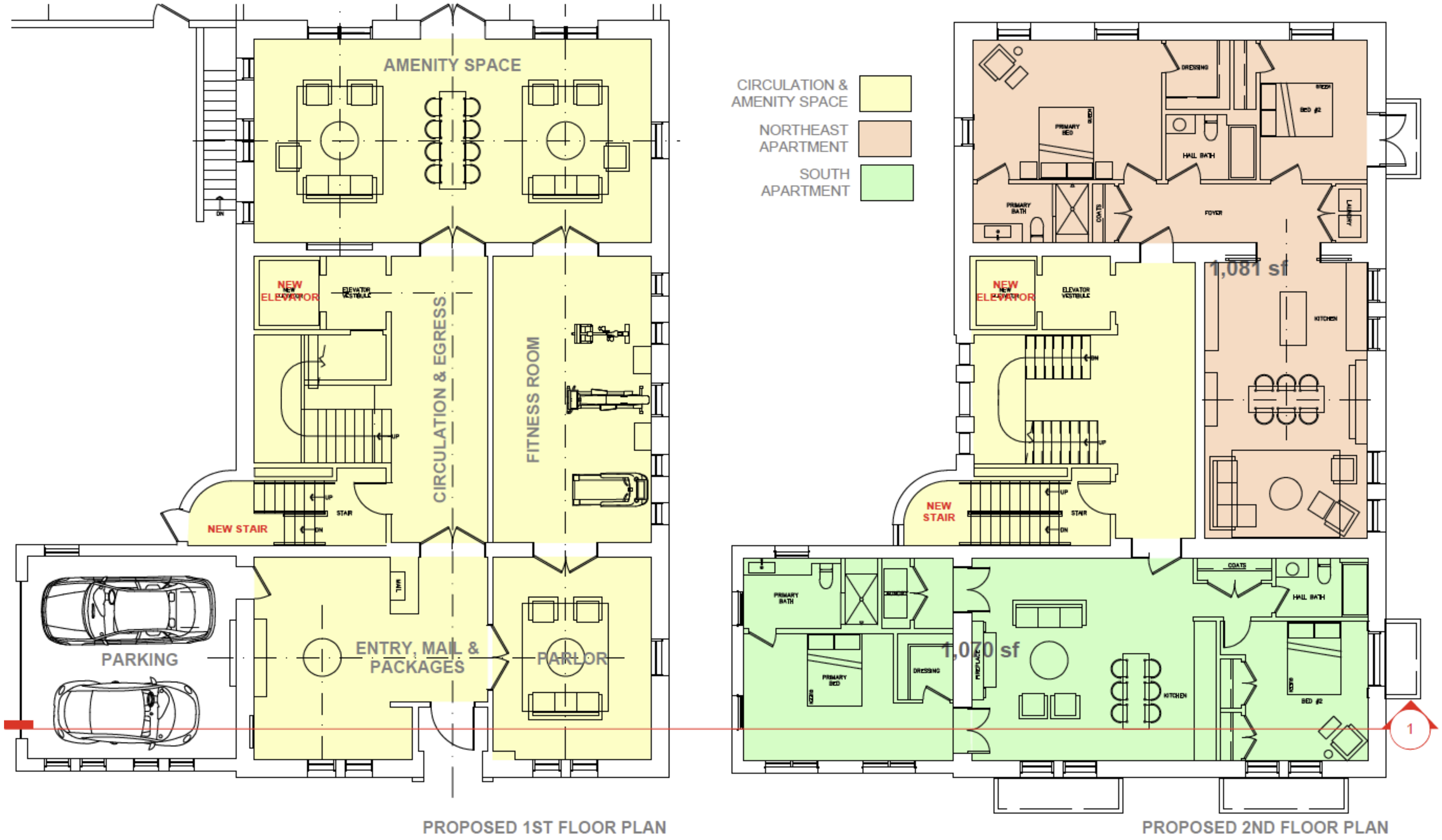


EXISTING SITE PLAN

Proposed Site Plan



Proposed Residential Development – 1st and 2nd Floor Plan



Proposed Residential Development – 3rd and 4th Floor Plan

Proposed Development – Building Section

Proposed Development – South Elevation

SOUTH ELEVATION FACING R STREET, NW

South Elevation

East Elevation

BZA Authority & Variance Criteria

Subtitle X § 1000.1 – BZA Authority to Grant a Variance

The Board of Zoning Adjustment is authorized under D.C. Code § 6-641.07(g)(3) and Subtitle X § 1000.1, to grant a variance from "the strict application of any regulation adopted under D.C. Official Code §§ 6-641.01 to 6-651.02" when the following conditions are met:

1. The property is affected by exceptional size, shape, or topography or other extraordinary or **exceptional condition or situation**;
2. The owner would encounter **peculiar and exceptional practical difficulties or undue hardship** if the zoning regulations were strictly applied; and
3. The variance would **not cause substantial detriment** to the public good and would not substantially impair the intent, purpose, and integrity of the zone plan as embodied in the Zoning Regulations and Map.

Use Variance Justification – Exceptional Condition

Subtitle X §§ 1000.1; 1002.1(b) – Use Variance Review Standards

1. **The property is affected by exceptional size, shape, or topography or other extraordinary or exceptional condition or situation;**

- No Direct Street or Alley Access
  - The only access to the Property is via an easement on a portion of Lot 56, unlike other properties in the surrounding area that have direct access to the street through a private driveway or access from a public alley.
- Topography
  - The Property's grade changes by more than 10 feet, from north to south, resulting in the need for a retaining wall along the northern lot line. The buildings to the immediate north of the Property have a grade approximately 10 feet higher than the Property.
- Extensive Open Space
  - The Existing Building is sited at the southeastern corner of the Property, leaving extensive open space to the north and west.
  - To the east and south, the Property is bounded by public streets.
  - The distance from other neighboring structures in all directions, combined with the absence of mature trees, vegetation, or other structures on the Property, results in a substantial amount of open space, which reduces privacy and is particularly unique to the Property.

Use Variance Justification – Exceptional Condition

Subtitle X §§ 1000.1; 1002.1(b) – Use Variance Review Standards

1. **The property is affected by exceptional size, shape, or topography or other extraordinary or exceptional condition or situation;**

- Exceptionally Large Existing Building
  - The Existing Building is exceptionally large at 16,188 square feet of floor area, including useable attic space.
- Use History
  - Although the Existing Building was initially constructed and used as single-family home from 1906 until 1945, the Existing Building was previously used primarily as housing for foreign diplomats so the upper floors of the Existing Building are still configured as housing units.
  - The Existing Building has been vacant for more than 20 years.
- Deteriorated Condition of Existing Building
  - The Existing Building is in extremely poor condition, and the amount and cost of work required to make the building habitable is substantial and has limited interest in the building by users/operators of permitted R-3 uses.
- Historic Preservation/Contributing Structure
  - The Existing Building is a contributing structure in the Sheridan-Kalorama Historic District, and the historic nature of the building adds an additional layer of complication — and expense — that is required for the Applicant to ensure the Project meets historic preservation standards.

Use Variance Justification – Undue Hardship

Subtitle X §§ 1000.1; 1002.1(b) – Use Variance Review Standards

2. **The owner would encounter exceptional or undue hardship if the zoning regulations were strictly applied; and**

- There is no market for matter-of-right uses at the Property despite extensive marketing efforts
  - From 2012 to 2023, the Property was encumbered by multiple tax liens for delinquent water/sewer charges and housing violations, which deterred potential buyers.
  - The Property's prior ownership by the government of Pakistan resulted in an additional layer of hardship. For example, at one point the property was under contract; however, the then-prime minister was ousted in a parliamentary no-confidence vote in Pakistan, which resulted in the sale not moving forward.

Use Variance Justification – Undue Hardship

Subtitle X §§ 1000.1; 1002.1(b) – Use Variance Review Standards

Exhibit 27B – Affidavit of Broker, Scott Purcell

3. In 2021, the Embassy of Pakistan engaged me as its agent to list and market the Property for sale. Due to its significantly deteriorated condition, deferred maintenance, and outdated building systems, the Property was in need of a complete gut renovation. The scope of work required to restore the Property to a habitable single-family residence would have been extensive and cost-prohibitive relative to comparable single-family homes in the area. Based on my familiarity with renovation costs and resale values in the Kalorama neighborhood, I believe the investment required to convert the Property into a code-compliant, market-ready single-family residence would substantially exceed the price that such a home could command upon resale in the current market, rendering single-family use economically infeasible.

4. I listed the Property for sale and broadly marketed it through the Multiple Listing Service (MLS), direct outreach to qualified buyers and brokers, and other customary marketing channels. The listing described the Property as a unique neo-classical residence in the Kalorama section of Northwest Washington and included photographs documenting the condition of the Property. The listing did not restrict or limit the Property to any particular use, and was open to buyers interested in single-family, multifamily, embassy, or institutional uses.

5. I coordinated multiple tours with potential buyers to walk through the Property and discuss their concerns and desires for the Property. Despite the broad marketing effort and unrestricted listing, every offer received sought to redevelop the Property for multifamily residential use. No prospective buyer expressed interest in acquiring or using the Property as a single-family home, embassy, or any other by-right use. To my knowledge, no inquiries were received from any party interested in single-family residential use of the Property at any price.

Use Variance Justification – Undue Hardship

Subtitle X §§ 1000.1; 1002.1(b) – Use Variance Review Standards

2. **The owner would encounter exceptional or undue hardship if the zoning regulations were strictly applied; and**

- The Property cannot be reasonably adapted for single-family residential use, which is the primary matter-of-right use in the R-3 zone.
  - Its size, internal layout, and configuration are ***functionally obsolete*** for modern single-family living and would require ***substantial structural reconfiguration*** to create a viable residential program.
  - Even with such investment, the resulting product would ***not align with market expectations*** for high-end single-family homes.
- The Property's physical characteristics further limit its viability as a single-family residence.
  - The lack of direct street access, reliance on an easement across a third-party property, steep topography, and exposure along multiple sides significantly ***diminish the privacy, security, and usability typically associated with single-family homes at this scale***.
  - The layout and topography of the Property in relation to the neighboring structures and adjacent intersection with public streets and sidewalks spanning 50% of the perimeter of the Property on two sides, create ***little to no privacy or security***.
  - Even if some privacy and security measures were implemented at the Property, the Existing Building ***still has frontage on 22nd Street and R Street***.
- Given the size of the Existing Building, renovating and converting the Existing Building to a single-family home is not economically feasible or desired.
  - This is evidenced by the ***lack of buyer interest***.
  - At an estimated cost of $350 to $500 per square foot, the cost to renovate the Existing Building for any use is estimated to be ***$5.6 million to $8 million dollars***.
  - This would require the Property to be listed for to be listed for ***no less than $20 million dollars***, which is not a realistic or viable listing price in the current real estate market given the site constraints.

Use Variance Justification – Undue Hardship

Subtitle X §§ 1000.1; 1002.1(b) – Use Variance Review Standards

Exhibit 27C3 – Broker Opinion of Value

6-UNIT MULTIFAMILY vs. SINGLE-FAMILY (BY-RIGHT)		
	6-UNIT MULTIFAMILY	**SINGLE-FAMILY (BY-RIGHT)**
Saleable units	**6**	1
Product	**Six 2BR/2BA residences (16,188 SF GFA)**	One 16,188 SF mansion
Buyer market	**Deep, liquid Kalorama luxury**	Near-empty 16k SF trophy tier
Exit options	**For-sale OR rental**	Single illiquid sale —thin rental market at this size

Use Variance Justification – Undue Hardship

Subtitle X §§ 1000.1; 1002.1(b) – Use Variance Review Standards

Exhibit 27C3 – Broker Opinion of Value

SINGLE-FAMILY RESIDUAL LAND VALUE

Sale Value — one single-family home	$12,141,000
(−) Hard Costs ($400/SF GFA)	($6,475,200)
(−) Soft Costs ($25/SF GFA)	($404,700)
(−) Contingency + Developer Fee	($550,392)
(−) Extended Carry (30-mo exposure)	($758,812)
(−) Cost of Sales (7.9%)	($959,139)
(−) Required 20% Profit	($2,023,500)
(−) Land Closing (2.9%)	($27,316)
RESIDUAL LAND VALUE	**$941,941**

WHY THE SINGLE-FAMILY PATH FAILS

- At the owner's $7.4M basis, the single-family build returns -−$4.4M (−27% on cost) — it does not pencil.
- Supports only -$0.9M of land value vs. condo $6.18M and rental $8.74M — the lowest of every path.
- Buyer pool is near-empty: only five DC homes of this size sold in two years; 14-month to 5-year marketing.
- Lack of rental fallback — very limited rental market at a 16,000 SF mansion, so a single illiquid sale is the only exit.
- Historic 1906 Totten mansion — the exterior must be preserved (no demolition; HPRB review for changes), and at 16,188 SF it's far larger than one household needs.

Use Variance Justification – Undue Hardship

Subtitle X §§ 1000.1; 1002.1(b) – Use Variance Review Standards

Exhibit 27C3 – Broker Opinion of Value

FOR-SALE CONDO

RESIDUAL LAND VALUE

$6.18M

Premium $2,500/SF | gap –$1.22M (–16%)

- -6,604 SF unit area (per plans) across 6 residences
- Deep, liquid Kalorama boutique-condo buyer market
- Can pivot to rental — built-in execution flexibility

HOLD-AND-RENT

RESIDUAL LAND VALUE

$8.74M

Premium $15,000/mo @ 4.0% cap

- Stabilized value -$18.2M (NOI $726K @ 4.0% cap)
- Financeable income stream; premium leases
- Fallback if for-sale softens — the multifamily optionality

SINGLE-FAMILY (BY-RIGHT)

RESIDUAL LAND VALUE

$0.94M

-27% return at basis — NOT FEASIBLE

- One -16,188 SF restored mansion at $750/SF ≈ $12.1M
- Near-empty buyer pool; 14-mo to 5-yr marketing; no rental fallback
- Loses -$4.4M at the $7.4M basis — cannot be financed

Use Variance Justification – Undue Hardship

Subtitle X §§ 1000.1; 1002.1(b) – Use Variance Review Standards

2. **The owner would encounter exceptional or undue hardship if the zoning regulations were strictly applied; and**

- The Applicant has the additional, substantial costs associated with required improvements to public space.
  - These costs include converting the abutting public space along the eastern property line from a paved area into a landscaped area that meets DDOT standards, and the additional cost and work of closing the two curb cuts along the southeast property line and converting the driveway into a landscaped area that meets DDOT standards.

- No other permitted uses in the R-3 zone provide a feasible alternative.
  - Other permitted uses would either generate a lot of activity that would likely adversely impact the surrounding community or are not compatible with the development scheme of the neighborhood:
    - Ex: public recreation and community centers, public libraries, emergency shelter, private garage, and mass transit facility.

Use Variance Justification – No Substantial Detriment

Subtitle X §§ 1000.1; 1002.1(b) – Use Variance Review Standards

3. **The variance would not cause substantial detriment to the public good and would not substantially impair the intent, purpose, and integrity of the zone plan as embodied in the Zoning Regulations and Map.**

- The proposed use will not create any adverse impacts on neighboring properties or the surrounding area.
  - It does not introduce a non-residential use and does not alter the building's external scale or character.
  - The conversion to six residential units will not result in adverse impacts related to light, air, privacy, or noise beyond what is typical for residential development in the area.
  - The Property is located in a transit-accessible neighborhood, within walking distance of the Dupont Circle Metro station and multiple bus lines, which helps mitigate potential traffic and parking impacts from the Project
- The proposed use maintains the moderate density character of the neighborhood.
  - The surrounding area accommodates a range of residential building types, including low-rise apartment buildings, and the proposed use is consistent with the broader residential context.
  - The requested relief does not introduce a fundamentally different or incompatible use but instead allows for a modest increase in residential density within an existing structure.

Use Variance Justification – No Substantial Detriment

Subtitle X §§ 1000.1; 1002.1(b) – Use Variance Review Standards

3. **The variance would not cause substantial detriment to the public good and would not substantially impair the intent, purpose, and integrity of the zone plan as embodied in the Zoning Regulations and Map.**

- The proposal advances the purposes of the Zoning Regulations by restoring a long-vacant building to productive use.
  - The Property has remained vacant for nearly 20 years, and absent the requested relief, it is likely to remain vacant.
  - The adaptive reuse of the Existing Building will eliminate vacancy-related concerns, improve neighborhood conditions, and contribute to the overall vitality of the area.
- The requested variance is compatible with the Comprehensive Plan.
  - The R-3 zone is consistent with the moderate density residential use designation, which defines "neighborhoods generally, but ***not exclusively***, suited for row houses as well as low-rise garden apartment complexes" and is "characterized by a ***mix*** of single-family homes, two- to four-unit buildings, row houses, and low-rise ***apartment buildings***." *See* 10A DCMR § 227.6.
  - The proposal to convert the Existing Building into a multifamily residential building advances multiple priority housing and land use objectives and area policies of the Comp Plan.

Community Outreach

- March 23, 2026 – Presentation to ANC 2D
- ANC 2D Report (Ex. 26) – Voted in support of application
- 7 Letters in Support (Ex. 16-22)

Agency Review – OP Report (Exhibit 29)

- Recommends approval of the application.
- Key Factors
  - Uniqueness
    - Limited vehicular access (only via adjacent Lot 56 as alley is too narrow)
    - Siting and topography of the site as there is a significant grade change and an unusually large amount of open space surrounding the structure
    - Large square footage of the existing structure
    - The structure is a contributing building in the Sheridan-Kalorama Historic District
  - Exceptional Undue Hardship
    - Lack of interest in a matter-of-right use in the R-3 zone that is viable
    - No path forward through a map amendment as the Comprehensive Plan policies and FLUM would not support a potential map amendment to a higher density zone
    - Property cannot be reasonably adapted for single-family use (access and topography, privacy and security, construction costs, lack of interest at this site)

Agency Review – DDOT Report (Exhibits 30 and 31)

- Does not object to the application.
- Key Factors
  - “The proposed action will not have adverse impacts on the District’s transportation network.” (pg. 1)
  - Proposed condition regarding the closure of two non-compliant curb cuts on R and 22nd Streets
    - Strongly supports the Applicant’s proposed closure of two non-compliant curb cuts on R Street and 22nd Street and restoration of the public parking area behind the sidewalk with vegetated areas.
  - Applicant should work with DDOT during public space permitting to determine a final location for the short-term bike spaces
  - Applicant must contract a private trash collection service
  - DDOT expects the Applicant to coordinate with the Ward 2 Arborist regarding the preservation and protection of the two Special trees and one small street tree

Questions?

Paramount Estate Limited Liability Company

BZA Application No. 21467

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