

BEFORE THE DISTRICT OF COLUMBIA  
BOARD OF ZONING ADJUSTMENT

BZA Order No. 20915(1)  
Square 3359, Lot 52

AFFIDAVIT IN SUPPORT OF BZA EXTENSION REQUEST

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I, Norman Jemal, being duly sworn, depose and state as follows:

1. I am Norman Jemal, the Principal of Douglas Development Corporation, an entity related to Takoma Lot 5 LLC (the “Applicant”), the owner of 6905 Willow Street, NW (Square 3359, Lot 52) (the “Property”).
2. The Property is subject to Board of Zoning Adjustment (“BZA” or “Board”) Order No. 20915(1) (the “Order”), having an effective date of June 21, 2023, which granted special exception relief to construct a nine unit apartment house in the RA-1 zone at the Property pursuant to Subtitle U § 421 and Subtitle X § 901.2 of the Zoning Regulations (the “Project”).
3. Pursuant to Subtitle Y § 702.1 of the Zoning Regulations, the deadline to file a building permit application for the approved Project is June 21, 2025. We met this deadline by filing a building permit application on October 5, 2023, which was accepted as complete by the Department of Buildings (“DOB”) on October 20, 2023, and distributed to various disciplines for review on October 25, 2023. *See* Workflow Routing Slip for Building Permit Application No. B2400134, attached hereto as Exhibit A. Accordingly, the BZA Order was vested.
4. Preparing and filing the building permit application was a significant endeavor. We worked with our team of consultants to develop a complete set of construction documents during the summer of 2023, which included coordination with the District Department of Transportation, District Department of Energy and Environment, D.C. Water, and other District agencies and utilities. We filed the permit application in October, 2023, and received an initial round of comments from DOB disciplines thereafter.
5. During this initial permit review phase, we priced the Project and engaged potential lenders in the financing process. However, it quickly became clear to us that the Project could not move forward given the extraordinarily high construction costs and interest rates. Therefore, while in the process of responding to DOB comments in early 2024, we decided to temporarily stop work on the Project. The permit application is still pending with DOB, but we expect that it will expire soon. Therefore, although the BZA Order is presently vested, we are filing the accompanying BZA extension application to ensure that we have another two years to continue to process the current permit application or file a new permit application if necessary. We have every intention of pursuing development of the Project in the near future as soon as financial markets stabilize.



6. Based on the foregoing, and for the reasons described herein, including economic and market conditions beyond our reasonable control, we have been unable to obtain financing for the approved Project, and as a result, we are unable to move forward with the pending building permit application. For the past several years, the commercial real estate market has been plagued with high construction costs, insufficient labor, and supply chain issues. Inflation is high throughout the country, which has led to tightened credit, increased borrowing costs, heightened market insecurity, and a weak lending market. These conditions have collectively created an inhospitable market for multi-family residential development in the District, and have resulted in an inability for us to obtain project financing despite our diligent good faith efforts to do so. For example:
- a. Interest rates were a particular concern. By the end of 2023, immediately after we filed the building permit application, the federal funds effective rate rose to over 5%, which was the highest level seen since the 2007–2008 financial crisis. *See* Federal Funds Effective Rate, available at: <https://fred.stlouisfed.org/series/FEDFUNDS>; *see also* “The Fed Reduced the Short-Term Rate Again, but Interest Costs Remain High” *Peter G. Peterson Foundation*, Dec. 18, 2024, available at: <https://www.pgpf.org/article/higher-interest-rates-will-raise-interest-costs-on-the-national-debt/>.
  - b. As a consequence of high interest rates, multifamily construction slowed significantly throughout the country, including in the District of Columbia where new development fell sharply throughout 2023. According to Delta Associates’ Class-A multifamily report, by the third quarter of 2023, multi-family construction starts in the D.C. area were at their slowest pace since 2010. In the District specifically, only one project (112 units) started construction in the second half of 2023. *See* “D.C. Area Sees Slowest Quarter of New Apartment Construction Since 2010” *Bisnow*, Nov. 6, 2023, available at: <https://www.bisnow.com/washington-dc/news/multifamily/dc-metro-seeing-full-effects-of-interest-rates-with-multifamily-construction-in-deep-freeze-121505>. Similarly, new construction starts dropped by 53% nationally in 2023, as rent growth slowed and interest rates remained elevated. *See* “U.S. Multifamily Market Report” *Avison Young*, Q3 2024, available at: <https://www.avisonyoung.us/documents/d/us/2024-q3-us-multifamily-market-report-from-avison-young>.
  - c. Financing concerns lingered throughout 2024 as favorable capital was difficult to obtain due to continued record high interest rates. *See* “Why New D.C. Multifamily Buildings Are Falling Into Financial Distress” *Bisnow*, Aug. 6, 2024, available at: <https://www.bisnow.com/washington-dc/news/multifamily/how-a-rapid-swing-in-market-conditions-put-new-multifamily-properties-at-increased-risk-125404>. The Lending Momentum Index issued by CBRE Group, Inc. (“CBRE”) demonstrated that lending momentum in Q1 2024 was down 32.7% from the year prior. *See* CBRE Figures | U.S. Lending | Q1 2024, available at: <https://www.cbre.com/press-releases/commercial-real-estate-lending-market-slows-in-first-quarter-showed-signs-of-stabilizing>. This trend remained consistent throughout 2024 as the

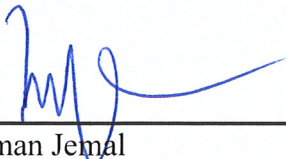


commercial real estate industry continued to experience high construction costs, insufficient labor, supply chain issues, and difficult capital markets. See “D.C. Sees Spike in Project Delays Amid ‘Dark Cloud’ Hanging Over Development” *Bisnow*, Jan. 9, 2024, available at: <https://www.bisnow.com/washington-dc/news/construction-development/dc-sees-spike-in-project-delays-amid-dark-cloud-hanging-over-development-business-122338>.

- d. Optimism for 2025 remains uncertain as Federal Reserve officials project weak economic growth, elevated unemployment rates, and higher inflation than they had anticipated in December, 2024. See “Fed Projections See an Economy Dramatically Reset by Trump’s Election” *The Wall Street Journal*, March 19, 2025, available at: <https://www.wsj.com/economy/central-banking/fed-forecast-inflation-tariffs-trump-economy-5a5098a1>. Due to these market conditions, lenders have been more cautious, resulting in fewer lenders that are willing to finance construction projects, and those that are active in the market are lending less money and lending at higher interest rates.
7. Despite the foregoing, we have continued to work diligently to secure project financing and are confident in the progress we are making. We are currently exploring potential capital sources and anticipate that closing on the construction loan and other capital sources required to fully capitalize the Project will occur in the near-term as economic market conditions hopefully improve access to capital throughout the coming months.
8. Despite the challenges described herein, we strongly believe that the Project is still viable and we look forward to moving forward as soon as possible. We anticipate that we will be able to continue to process the building permit application and receive a permit within the next 18 to 24 months.
9. Based on the economic and market conditions described above and which are outside of our reasonable control, it is clear that we have been unable to obtain sufficient project financing to allow us to move forward with the approved Project. Nonetheless, we have proceeded diligently and in good faith to move the Project forward. There are no changes to any of the material facts upon which the BZA based its original approval of the application that would undermine its justification for approval. Furthermore, there will be no adverse impact if the validity of the Order is extended. In fact, if the Order is not extended, it would adversely impact the ability for the Project to move forward at all.
10. We are fully prepared to proceed with development of the approved Project once capital markets and construction costs improve. We have already invested substantial resources in the Project, including legal, architectural, engineering, permitting, construction, and other consulting fees, such that there is no financial advantage for us not to move forward with development, and we have every incentive to do so as soon as feasible.

I solemnly affirm under the penalty of perjury that the contents of this Affidavit are true and correct to the best of my personal knowledge.



By:   
Name: Norman Jemal  
Title: Principal

Sworn and subscribed to me this 7 day of APRIL, 2025.

  
Notary Public

Ryan Ferguson  
Notary Public, District of Columbia  
My Commission Expires 4/1/2028

