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November 18, 2025

VIA IZIS

Zoning Commission for the
District of Columbia
441 4th Street, N.W., Suite 210S
Washington, D.C. 20001

**Re: Two-Year Time Extension of a Second-Stage PUD
Capitol Crossing Center Block (Square 566, Lots 862 and 864)
Z.C. Order Nos. 08-34L and 08-34M**

Dear Members of the Zoning Commission:

On behalf of CAPITOL CROSSING III, LLC and CAPITOL CROSSING IV, LLC (together, the “Applicant”), we hereby submit an application for a two-year extension of the validity of Z.C. Order No. 08-34L, as extended by Z.C. Order No. 08-34M, which approved a second-stage Planned Unit Development (“PUD”) for the “Center Block” portion of the Capitol Crossing development project. As explained below, this application includes a request for a waiver from Subtitle Z § 705.5, which limits a PUD’s second extension to only one year. The subject application is the PUD’s second extension and is being requested for two years.

The subject application is filed pursuant to Subtitle Z § 705 of the Zoning Regulations. As required by Subtitle Z § 1600.10(c), a filing fee of \$5,000 is included with this application. An authorization letter from the Applicant is attached at Exhibit A, and a signed Application Signature Form 100 is attached at Exhibit B.

I. BACKGROUND

A. Second-Stage PUD Approval for the Center Block

Pursuant to Z.C. Order No. 08-34L, dated October 21, 2021, and effective as of March 25, 2022 (Exhibit C), the Zoning Commission for the District of Columbia (the “Zoning Commission”) approved a second-stage PUD for the Capitol Crossing Center Block located at Square 566, Lots 862 and 864 (together, the “Center Block”), in accordance with the first-stage PUD approved pursuant to Z.C. Order No. 08-34, dated May 23, 2011, and effective as of July 1, 2011, and the PUD Modification of Significance approved pursuant to Z.C. Order No. 08-34K, dated October 24, 2019, and effective as of October 30, 2020.

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EXHIBIT NO. 2

The second-stage PUD for the Center Block approved development of a residential building on Lot 862 (the “Residential Building”) and a hotel building on Lot 864 (the “Hotel Building”), to be connected through a shared two-story podium (the “Podium”).

Pursuant to Z.C. Order No. 08-34L, Decision No. III(2), the second-stage PUD for the Residential Building and the Podium was valid for a period of two years from the effective date of the second-stage PUD order (i.e., until March 25, 2024), within which time a building permit application was required to be filed and accepted as complete by the D.C. Department of Buildings (“DOB”) for the Residential Building and the Podium. Construction of the Residential Building and the Podium was required to begin no later than three years from the effective date of the second-stage order (i.e., by March 25, 2025).

Pursuant to Z.C. Order No. 08-34L, Decision No. III(3), the second-stage PUD for the Hotel Building was valid for a period of two years following issuance of the first certificate of occupancy for the Residential Building or Podium, within which time a building permit application must be filed and accepted as complete by DOB for the Hotel Building. Construction of the Hotel Building must begin no later than three years following the issuance of the first certificate of occupancy for the Residential Building or the Podium.

Finally, pursuant to Z.C. Order No. 08-34L, Decision No. III(4), if no certificate of occupancy is issued for the Residential Building or Podium within six years following the effective date of Z.C. Order No. 08-34L, then the approval would expire unless otherwise extended by the Commission.

B. Second-Stage PUD Extension Approval for the Center Block

Pursuant to Z.C. Order No. 08-34M, dated November 9, 2023, and effective as of December 29, 2023 (Exhibit D), the Zoning Commission approved an extension of the deadlines established in Z.C. Order No. 08-34L, such that the Applicant is currently required to:

- File a building permit application to construct the Residential Building and Podium no later than March 25, 2026;
- Start construction of the Residential Building and Podium no later than March 25, 2027; and
- Obtain a Certificate of Occupancy for the Residential Building or Podium no later than March 25, 2030.

The deadline to file a building permit application for the Hotel Building was not modified in Z.C. Order No. 08-34M, such that the second-stage PUD for the Hotel Building remains valid for a period of two years following issuance of the first certificate of occupancy for the Residential Building or Podium, within which time a building permit application must be filed and accepted as complete by DOB for the Hotel Building. Construction of the Hotel Building must begin no later than three years following the issuance of the first certificate of occupancy for the Residential Building or the Podium.

C. Request for Two-Year Extension of Validity of Z.C. Order No. 08-34M

As described in detail below, the Applicant has not been able to file a building permit application for development of the Residential Building and Podium in the Center Block due to changes in economic and market conditions beyond the Applicant's reasonable control. Accordingly, the Applicant respectfully requests a two-year extension of the validity of Z.C. Order No. 08-34M, such that a building permit application for the Residential Building and Podium would have to be filed by March 25, 2028, and construction of the Residential Building and Podium would have to begin by March 25, 2029.

In addition, the Applicant requests a related two-year extension of the six-year deadline within which a certificate of occupancy must be issued for the Residential Building or Podium without the approval expiring, such that the certificate of occupancy must be issued by March 25, 2032.

II. JURISDICTION OF THE ZONING COMMISSION

Pursuant to Subtitle Z § 705.2, the Zoning Commission is authorized to extend time periods of PUD orders for good cause provided the following conditions are met:

1. The extension request is served on all parties to the application by the applicant, and all parties are allowed thirty (30) days to respond;
2. There is no substantial change in any of the material facts upon which the Commission based its original approval of the application that would undermine the Commission's justification for approving the original application; and
3. The applicant demonstrates with substantial evidence that there is good cause for such extension, as provided in Subtitle Z § 705.2(c).

The sole substantive criterion for determining whether a PUD should be extended is whether there exists "good cause shown." The Zoning Regulations define "good cause shown" in Subtitle Z § 705.2(c) as evidence of one or more of the following:

1. An inability to obtain sufficient project financing for the development, following an applicant's diligent good faith efforts to obtain such financing, because of changes in economic and market conditions beyond the applicant's reasonable control;
2. An inability to secure all required governmental agency approvals for a development by the expiration date of the order because of delays in the governmental agency approval process that are beyond the applicant's reasonable control; or
3. The existence of pending litigation or such other condition, circumstance, or factor beyond the applicant's reasonable control that renders the applicant unable to comply with the time limits of the order.

III. COMPLIANCE WITH STANDARDS FOR EXTENDING PUD VALIDITY

A. Extension Request Served on All Parties

The parties to the second-stage PUD were Advisory Neighborhood Commissions (“ANCs”) 2C and 6C. As of January 1, 2023, and as a result of the ANC boundary line redistricting, the entire Capitol Crossing PUD is now located entirely within the boundaries of ANC 6E. While certain sections of Subtitle Z of the Zoning Regulations were modified to provide that only the new affected ANC must be served if the affected ANC has changed since the effective date of the final order (*e.g.*, *see* Subtitle Z § 703.10 for modifications without hearing), Subtitle Z § 705 governing time extensions does not include such language. Accordingly, as indicated in the attached Certificate of Service and out of an abundance of caution, the Applicant served this application on all three of the ANCs (2C, 6C, and 6E), thus providing the required time period in which to respond.

B. No Substantial Change in Material Facts

There has been no substantial change in any of the material facts upon which the Zoning Commission based its approval in Z.C. Order No. 08-34L. The Applicant remains fully committed to moving forward with development of the Center Block and fully complying with all conditions and obligations imposed as part of the PUD approval.

C. Good Cause Shown

Pursuant to Subtitle Z § 705.2(c)(3), the Zoning Commission is authorized to grant an extension of PUD validity for projects where the applicant demonstrates with substantial evidence, the existence of “condition[s], circumstance[s], or factor[s] beyond the applicant’s reasonable control that renders the applicant unable to comply with the time limits of the order.”

As set forth in the affidavit of George W. Cantrell, III, the President of Capitol Crossing Advisors LLC (the “Affidavit”) (Exhibit E), this application satisfies the criteria of Subtitle Z § 705.2(c)(3) and thus meets the requirements for extending the validity of the second-stage PUD approval for the Center Block. The Applicant has taken many steps to move the project forward, as summarized below:

- Over the past few years, the Applicant has diligently moved forward with the overall Capitol Crossing development project. This work has included construction of the Platform and base infrastructure, which includes all below-grade parking garages and consolidated loading facilities for the entire project. The Applicant delivered the improvements on the North Block, including two new office buildings with ground floor retail and the open-air pedestrian way. In the Center Block, the Applicant delivered the new rectory and annex buildings for the Holy Rosary Church. For the South Block, the Applicant relocated the historic Adas Israel Synagogue building and coordinated construction for the new facilities to support the Lillian and Albert Small Jewish Museum of the Jewish Historical Society of Greater Washington.
- The Applicant has also worked closely with DDOT on the design, permitting, and construction of major new public infrastructure, including the construction of new public

rights-of-way for F and G Streets, NW, which are now fully operational. The Applicant installed new roadway subbase and resurfaced the 200 block of Massachusetts Avenue, NW, the 500, 600, and 700 blocks of 2nd Street, NW, and the 500, 600, and 700 blocks of 3rd Street, NW. As part of the roadway infrastructure, the Applicant modified bridges on E Street and Massachusetts Avenue, constructed the new Massachusetts Avenue highway entrance portal, and reconstructed the 2nd Street, NW highway exit portal. On August 28, 2023, DDOT granted the Applicant's request for substantial completion of the public space infrastructure and confirmed that the overall Capitol Crossing project is "in a physical condition that it can be used for normal and safe vehicular, pedestrian, bicycle, or other travel in all lanes and at all points of entry and exit."

- In addition to public roadways, the Applicant installed a variety of new traffic signals and street lights as part of delivery of the PUD. The Applicant installed new water and sewer lines, including four major isolation valves to the District's water infrastructure, and relocated and upgraded a major 36-inch water main in Massachusetts Avenue, NW. The Applicant constructed approximately 70 additional curb inlets for improved street drainage and made significant contributions through Casey Trees for trees in Cobb Park.
- Overall, the Applicant has spent approximately \$200 million in public space infrastructure improvements to benefit the District as a whole.

The Applicant has also taken the following steps to move forward with development of the Center Block specifically:

- Continued to work with its design team, OP, and DDOT to confirm compliance with the canopy projections into public space and to better understand the traffic, parking, loading, and pedestrian considerations for the residential, hotel, and retail uses within the Center Block as they relate to the surface streets and the in-place garage and loading facilities;
- Obtained DDOT Public Space Committee approval for all improvements in public space surrounding the Center Block and constructed those improvements. *See* photographs attached as Exhibit 1 to the Affidavit showing the existing public space conditions;
- Continued to work with residential Property Management companies, architects, and retail brokerage organizations to program these offerings at the Center Block (including protracted discussions with grocery store operators) to make it an attractive and successful addition to the overall Capitol Crossing project. Considerations have included the residential unit mix, sizes, and distribution of affordable housing units, and the type of retail and/or eating and drinking establishment uses that can best support the Center Block and Capitol Crossing overall;
- Obtained approvals and installed the utility infrastructure required to service the Center Block from DOEE, DC Water, PEPCO, Washington Gas, and Verizon;
- Prepared and recorded a PUD Covenant for the Center Block, a copy of which is attached as Exhibit 2 to the Affidavit.

- Prepared and recorded the required DDOT Covenant for Special Paving and Fixtures in Public Space - Center Block, a copy of which is attached as Exhibit 3 to the Affidavit.

To realize the potential of the overall Capitol Crossing project, there is an inherent need to move forward with the Center Block, particularly given the Applicant's considerable investment in the highway, decks, bridges, and below-grade garage facilities to date. However, the Applicant is confronted with a variety of issues as it views the Center Block within the context of current economic conditions, which are extremely inhospitable to multi-family residential development. Obstacles associated with inflation, high interest rates, and a weak lending market persist throughout the country. Construction costs are at an all-time high, and Federal policies have resulted in a strained workforce, insufficient labor, and supply chain shortages. Collectively, these conditions have had specific and material consequences on the Applicant's ability to move forward with development. More immediately, investment activity in Washington, DC has been limited due to severe uncertainty associated with the Federal administration and the very recent Federal government shutdown.

Accordingly, despite the Applicant's good faith efforts, it has been unable to advance development of the Residential Building and Podium within the timeframe prescribed by Z.C. Order Nos. 08-34M due to widespread changes in economic and market conditions that are outside of its control. These include the following:

- Challenges to the construction industry generally. Construction costs in Washington, D.C. rose by approximately 3.75% between Q4 2024 and Q3 2025 alone, which makes it difficult to predict final development budgets. *See, Third Quarter 2025 North America Quarterly Construction Cost Report*, issued by Rider Levett Bucknall (the "RLB Report") (attached as Exhibit 4 to the Affidavit). During the Applicant's work in pre-construction with various general contractors, it also learned that ordering, fabricating, and delivering mechanical and electrical equipment and supplies and construction materials is routinely disrupted or delayed for a variety of reasons, which has an outsized impact on hard construction cost schedules and budgets. Accordingly, a more stable supply chain or an ability to secure commitments from trade subcontractors, tier suppliers, and others, is necessary, prior to embarking on construction;
- Federal policy shifts under the new administration have directly impacted many construction industry sectors and planned capital project spending. For example, efforts of the Federal Reserve to reduce inflation through aggressive rate hikes have led to heightened market uncertainty. The work of ICE has put pressure on an already strained labor shortage, and new tariff policies have caused significant supply chain disruptions, resulting in many projects being paused or cancelled. At the same time, concrete prices continue to rise (up approximately 9% year-over-year) and the production of steel has decreased (down approximately 5.8% year-over-year). *See, Summer 2025 Construction Market Trends Report*, pp. 34, 36, issued by Skanska (the "Skanska Report") (attached as Exhibit 5 to the Affidavit). As a result of these numerous factors, the multi-family sector in Washington, D.C. "remains slow." *Id.* at p. 22.
- Trade and fiscal policies that have fueled financial market volatility. Erratic U.S. trade policy, geopolitical uncertainty, and risks associated with ongoing deficit spending have

tempered business and consumer confidence. *See CBRE 2025 U.S. Real Estate Market Outlook Midyear Review*, July 2025 (the “CBRE Report”) (attached as Exhibit 6 to the Affidavit). Together with uncertainty associated with tariff policies, global supply chain disruption, and shifting labor dynamics, these conditions have resulted in cost swings that the Applicant’s budget cannot absorb. *See RLB Report*, p. 1. Such heightened economic uncertainty and elevated long-term rates will remain a headwind for investment activity. *See CBRE Report*, p. 7.

- The overall unwillingness from project investors and lenders to fund the Center Block due to the above-referenced and prevailing economic conditions in the debt and equity markets throughout the U.S., including underperforming real property assets, tightening underwriting standards, and inflation generally;
- Direct competition in the immediate neighborhood. Numerous new and competing apartment buildings have opened in the area immediately surrounding Capitol Crossing, with competitive concessions to attract tenants. This has resulted in a lower demand for additional new multi-family housing in downtown D.C. at the Applicant’s required dates of completion, and makes it particularly difficult to be competitive in the marketplace. The Applicant is not currently witnessing adequate population increases to warrant construction of a multi-family building at this time; an
- The reluctance of retailers, restaurateurs, and grocers to lease space as they wait to see how economic conditions change or improve in subsequent years.

As set forth in the Affidavit, due to the above considerations, the Applicant determined that in order to ensure an economically feasible and successful project, the most practical course of action is to temporarily pause advancement of design and construction documents for the Residential Building and Podium.

Despite the above-described obstacles that have been outside of the Applicant’s reasonable control, the Applicant remains committed to moving forward with development of the Center Block within the prevailing financing constraints. As noted above, the base infrastructure, including all parking and loading, has already been constructed, and the foundation systems for the building have been designed and installed. In addition, the Applicant is actively working with its design team to evaluate the viability of the currently-designed project and continues to explore all possible options to move the Center Block forward based on the outcome of that evaluation. Based on current market conditions, and as Federal interest rates become more attractive, private investors will be more willing to take on loans, creating new momentum for projects that have been on hold. *See RLB Report*, p. 1.

Accordingly, based on the foregoing information, it is clear that the Applicant has taken many steps to move forward with development of the Residential Building and Podium within the Center Block, but has ultimately been unable to file a building permit application to date. Despite the foregoing, the Applicant is still fully committed to moving forward with the development as soon as market conditions allow. The Applicant has invested substantial resources in the Center Block and in the overall Capitol Crossing PUD for many years, including legal, architectural, engineering, permitting, construction, and other consulting fees, such that there is no financial

advantage for the Applicant not to move forward with development of the Center Block, and it has every incentive to do so as soon as feasible.

IV. WAIVER REQUEST

Pursuant to Subtitle Z § 705.5, an applicant with an approved PUD may request no more than two extensions, with the second request required to be approved for no more than one year. Pursuant to Z.C. Order No. 08-34M, the Zoning Commission approved the first PUD extension for a period of two years. Thus, the Applicant requests a waiver from Subtitle Z § 705.5 to allow this second extension request to be approved for two years.

The Zoning Commission may, for good cause shown, waive any of the provisions of Subtitle Z of the Zoning Regulations if, in the judgement of the Commission, the waiver will not prejudice the rights of any party and is not otherwise prohibited by law. *See* Subtitle Z § 101.9. The only parties to the original second-stage PUD application for the Property were ANCs 2C and 6C, and as of January 1, 2023, the entire Capitol Crossing PUD was redistricted to be located entirely within the boundaries of ANC 6E. The Applicant is serving all three ANCs with a copy of this application in which it has explained the need for the two year extension. Therefore, the rights to the underlying parties are not being prejudiced as they will each have an opportunity to review and provide comment on the application. In addition, requesting a two-year extension is not otherwise prohibited by law. Therefore, a waiver from Subtitle Z § 705.5, pursuant to Subtitle Z § 101.9, is appropriate in this case.

V. NO HEARING NECESSARY

Pursuant to Subtitle Z § 705.7, the Commission shall hold a public hearing on a request for an extension of the validity of an application approval only if, in the determination of the Commission, there is a material factual conflict that has been generated by the parties to the proceeding concerning any of the criteria in Subtitle Z § 705.2. The hearing shall be limited to the specific and relevant evidentiary issues in dispute.

A hearing is not necessary for this request since there are not any material factual conflicts generated concerning any of the criteria set forth in Subtitle § 705.2. All parties to the PUD have been served copies of this application. There is no dispute that the Applicant has worked diligently to move forward with development of the Center Block, despite being unable to file a building permit application for the Residential Building and Podium prior to the current deadlines to do so. Thus, there cannot be any material factual conflicts generated concerning any of the criteria by which the Zoning Commission is required to consider this request.

VI. COMMUNITY ENGAGEMENT

The Capitol Crossing development project is located within the boundaries of ANC 6E, and specifically ANC 6E08. Prior to filing this application, the Applicant engaged with ANC 6E and is scheduled to present the application at the ANC's regularly scheduled and duly noticed public meeting on November 20, 2025. The Applicant will provide an update to the case record following that meeting as necessary.

As stated above, the Applicant also notes that the parties to the original second-stage PUD for the Property were ANC 2C and 6C, but that as of January 1, 2023, the entire Capitol Crossing PUD is now located entirely within the boundaries of ANC 6E. As indicated in the Certificate of Service included at the end of this letter, the Applicant served this application on all three of the ANCs (2C, 6C, and 6E).

VII. CONCLUSION

In light of the demonstration of good cause and for the reasons stated herein and in the attached Affidavit, the Applicant respectfully requests that the Zoning Commission approve a two year extension of the validity of Z.C. Order No. 08-34L, as extended by Z.C. Order No. 08-34M, such that (i) a building permit application for the Residential Building and Podium must be filed no later than March 25, 2028, and construction of the Residential Building and Podium must begin no later than March 25, 2029; and (ii) a certificate of occupancy for the Residential Building or Podium must be issued by March 25, 2032. No hearing is necessary as there are no material factual issues in question.

Sincerely,

HOLLAND & KNIGHT LLP

By: Christine Shiker
Christy M. Shiker

By: Jessica Bloomfield
Jessica R. Bloomfield

Attachments

cc: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that on November 18, 2025, electronic copies of the foregoing application were served on the following at the email addresses stated below:

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**Affected ANC prior to January 1, 2023*

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