

**District of Columbia Zoning Commission**  
**Z.C. Order No. 22-11**

**Affidavit in Support of a Two-Year Extension of Time**

I, Carl Philip Ranno, Jr., being duly sworn, depose and state as follows:

1. I am Carl Philip Ranno, Jr., Managing Principal of Clear Real Estate Services (“Clear RES”). Clear RES provides commercial real estate consulting services for developers, Fortune 500 companies, non-profits, educational institutions, religious organizations, high-tech government contractors, retail operators, health care providers, and more. Clear RES has been retained by the Disabled American Veterans (the “Applicant”), the owner of 807 Maine Avenue, SW (Square 439S, Lot 15) (the “Property”), to represent the Applicant in the marketing and eventual development of the Property.
2. The Property is subject to Z.C. Order No. 22-11 (the “Order”), which approved a consolidated Planned Unit Development (“PUD”) and a related Zoning Map Amendment from the MU-12 zone to the MU-10 zone to redevelop the Property with a new residential building consisting of (i) 194,839 square feet of gross floor area (“GFA”), (ii) approximately 195 total residential units, and (iii) approximately 27 Inclusionary Zoning (“IZ”) units, of which three will be reserved for households earning no more than 50% median family income (“MFI”) and 24 will be reserved for households earning no more than 60% MFI (collectively, the “Project”).
3. The Order was approved on January 26, 2023, with an effective date of July 28, 2023. Pursuant to Z.C. Order No. 22-11, Decision No. G.2, the order is valid for a period of two years, such that a building permit application must be filed no later than July 28, 2025, and construction of the Project is required to commence no later than July 28, 2026.
4. Despite our repeated good faith efforts to do so, we have been unable to identify a new development partner and have been unable to obtain sufficient project financing due to economic and market conditions beyond our reasonable control. Our repeated good faith efforts are described below.
5. The Applicant filed the original application on March 7, 2022, with the intent to commence construction of the Project as soon as possible. However, the original application was not approved until January 26, 2023, by which point interest rates increased from 0.5% to 4.50%. See Federal Funds Effective Rate, available at: <https://fred.stlouisfed.org/series/FEDFUNDS>. Interest rates continued to rise in 2023 and ended the year at more than 5%—the highest level since the 2007–2008 financial crisis. See “The Fed Reduced the Short-Term Rate Again, but Interest Costs Remain High” *Peter G. Peterson Foundation*, Dec. 18, 2024. Due to the rapid rise of interest rates and general market instability, the Applicant’s original development partner exited the development deal on May 31, 2023.
6. Interest rates did not begin to decline until September 18, 2024, at which point they steadily decreased to approximately 4.50% in Q4 2024. *Id.* Further, the Federal Reserve has

signaled that it will reduce interest rates no more than twice in 2025, which is less than their previous projection of four reductions. See “Fed Signals Plan to Slow Rate Cuts, Sending Stocks Lower” *The Wall Street Journal*, Dec. 18, 2024.

7. Obtaining a purchaser or development partner and financing for the Project has been difficult due to the volatility in the capital markets, rising interest rates, increased construction costs, and persistent construction labor shortages. Indeed, the market for financing new residential development has essentially ground to a halt, and construction starts are at historic lows.
8. As a consequence of elevated interest rates, multifamily construction has come to a halt within the District. In fact, according to Delta Associates’ Q3 and Q4 2023 Mid-Atlantic Class A Apartment Market Report, there was just one project, totaling 112 units, that started construction in the District during the third quarter of 2023, and no new projects started construction in the fourth quarter of 2023. In total, 2,341 units started construction in the District during 2023, which is down 66% from 2022 when 6,881 units started construction. See “D.C. Area Sees Slowest Quarter of New Apartment Construction Since 2010” *Bisnow*, Nov. 6, 2023. Similarly, new construction starts dropped by 53% nationally in 2023 as rent growth continued to slow and interest rates remained elevated. See “U.S. Multifamily Market Report” *Avison Young*, p. 5, attached hereto as Tab A. Further, the Lending Momentum Index issued by CBRE Group, Inc. (“CBRE”) demonstrates that overall lending momentum in Q1 2024 was down 32.7% from a year earlier as high interest rates lowered lending activity. See *CBRE Figures | U.S. Lending | Q1 2024*, attached hereto as Tab B. 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.
9. Despite all of these market challenges, we have been actively marketing the Property and have had discussions with more than 25 local and national potential development partners.
10. Furthermore, on February 25, 2025, we partnered with CBRE<sup>1</sup> to further our efforts to locate a purchaser or a development partner for the Project.
11. While we have been unable to locate a new development partner and have been unable to close on financing for the Project to date, we have proceeded diligently and in good faith on the development and the entitlements for the Project so that a building permit can be filed and construction can commence as soon as financing is secured.

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<sup>1</sup> CBRE is the world’s largest commercial real estate services and investment firm and provides services to both occupiers of and investors in real estate. For occupiers, CBRE, among other items, provides facilities management, project management, transaction (both property sales and leasing) assistance and consulting services and valuations. For investors, CBRE, among other items, provides capital markets (property sales, commercial mortgage brokerage, loan origination and servicing) support, property leasing, investment management, property management, sustainability, valuation, and development services.

12. Further, the Property is presently improved with an office building, which continues to be occupied and well-maintained.

13. Based on these economic and market conditions, we have been unable to identify a new development partner or obtain sufficient project financing which is beyond our reasonable control. Despite the market conditions, we have proceeded diligently and in good faith to move the Project forward. There is no change in any of the material facts upon which the Zoning Commission (the "Commission") based its original approval of the application that would undermine the Commission's justification for approving the original application. Furthermore, there will be no adverse impact to extending the validity of the Order as this Project is important to the long-term development of the neighborhood. If the Order is not extended, it would adversely impact the ability for the Project to move forward, at least not without substantial additional delay.

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: Carl Philip Ranne, Jr

Title: Managing Principal, Clear Real Estate Services

Sworn and subscribed to me this 17 day of March, 2025.

  
Notary Public

SEAN ORREN BROWER  
NOTARY PUBLIC DISTRICT OF COLUMBIA  
My Commission Expires March 31, 2027

