

Z.C. Order Nos. 08-34A and 08-34F
Request for Two-Year Extension of an Approved Second-Stage PUD
Capitol Crossing South Block (Square 568, Lot 865)

Affidavit of Applicant in Support of Two-Year Extension of Time

I, George W. Cantrell, III, being duly sworn, depose and state as follows:

1. I am George W. Cantrell, III, the President of Capitol Crossing Advisors LLC, an entity related to CAPITOL CROSSING V LLC (the “Applicant”) and owner of Lot 865 in Square 568 (the “Property”) which is part of the “South Block” of the overall Capitol Crossing development project.
2. The South Block was approved as a second-stage planned unit development (“PUD”) pursuant to Z.C. Order No. 08-34A, dated January 28, 2013, and effective as of March 1, 2013, 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 Minor Modification approved pursuant to Z.C. Order No. 08-34F, dated May 23, 2016, and effective as of August 5, 2016.
3. The second-stage PUD for the Property, as modified, approved development of a 130-foot tall office building with ground-floor retail on the Property (the “Office Building”).
4. Pursuant to Z.C. Order No. 08-34A, Decision No. C.2, the second-stage PUD for the South Block was “valid for a period of two (2) years from the date of completion of the platform and base infrastructure approved in Z.C. Order No. 08-34.” Based on a variety of subsequent rulings from the Zoning Administrator for the District of Columbia, which are more fully described in the application statement, it was determined that the date of issuance of a Substantial Completion Letter from DDOT would serve as the basis for the District’s issuance of an Acknowledgment of Substantial Completion, which would be recorded at some date in the future, and would be the date assigned to the “completion of the platform and base infrastructure” as set forth in Z.C. Order No. 08-34A.
5. DDOT issued a Substantial Completion Letter August 28, 2023, confirming that the construction of the platform and base infrastructure was complete. Accordingly, we are currently required to submit a building permit application for the Office Building on the Property no later than August 28, 2025 (two years following the date of issuance of the DDOT Substantial Completion Letter), and must start construction of the Office Building on the Property no later than August 28, 2027 (four years following the date of issuance of the DDOT Substantial Completion Letter), all in accordance with Z.C. Order No. 08-34A, Decision No. C.2 and the subsequent Zoning Administrator confirmations.
6. In March, 2021, we submitted building permit application B2105989 (the “Permit Application”) for the construction of the Office Building. We processed the Permit Application through the majority of the disciplines at the D.C. Department of Buildings, including the Zoning department which approved the Permit Application on April 29, 2022. Unfortunately, due to changes in the Construction Code that became applicable to

the Office Building, additional revisions were needed to be made to the plans submitted with the Permit Application. Due to the work needed for those changes, combined with worsening market conditions as further discussed below, we did not pull the building permit associated with the Permit Application.

7. Despite the foregoing, over the prior few years we have 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. We 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, we delivered the new rectory and annex buildings for the Holy Rosary Church. Specifically for the South Block, we 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.
8. We 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. We 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, we 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.
9. In addition to public roadways, we installed a variety of new traffic signals and street lights as part of delivery of the PUD. We 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. We constructed approximately 70 additional curb inlets for improved street drainage and made significant contributions through Casey Trees for trees in Cobb Park.
10. Overall, we have spent approximately \$200 million in public space infrastructure improvements to benefit the District as a whole.
11. As noted above, on August 28, 2023, DDOT granted our 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." *See* Exhibit 1 attached to this Affidavit. We are working closely with DDOT to achieve final completion and anticipate that we will receive it in the near term.
12. As it relates specifically to the South Block, we obtained DDOT Public Space Committee approval for all improvements in public space surrounding the South Block and constructed those improvements. *See* photographs at Exhibit 2 attached to this Affidavit showing the existing conditions. We also prepared and recorded the required DDOT Covenant for

Special Paving and Fixtures in Public Space – South Block in the land records for the District of Columbia (“Land Records”) on September 26, 2023, at Instrument No. 2023082664.

13. We obtained approvals and installed the utility infrastructure required to service the South Block from DOEE, DC Water, PEPCO, Washington Gas, and Verizon.
14. We prepared and recorded a PUD Covenant for the South Block in the Land Records on September 18, 2014, as Instrument No. 2014085670.
15. It is also worth noting that prior to the Covid-19 pandemic, we were actively working with brokers to market the Office Building as a build-to-suit for a large office headquarters. With Covid, our primary focus shifted to the leasing of the office buildings on the North Block, which are still not fully leased.
16. To realize the potential of the overall Capitol Crossing project, there is an inherent need to move forward with development of the Property, particularly given the considerable investment in the highway, decks, bridges, and below-grade garage to date. However, we are presently confronted with a variety of issues when viewing Property within the overall context of downtown Washington, D.C. and many of the challenges that have resulted. Impacts of the Covid-19 pandemic created an inhospitable market for office development. Obstacles associated with escalating construction costs, insufficient labor, supply chain issues, inflation, rising interest rates, and a weak lending market are high nationally, which has had specific and material consequences on our ability to move forward with development of the Office Building on the Property. Despite our good faith efforts, we have been unable to advance development of the Office Building within the required timeframes due to a variety of conditions, circumstances, and factors beyond our reasonable control. These include the following:
 - a. The national office vacancy rate reached 19.8% by the end of 2024, and the office sector is expected to face another challenging year in 2025 as it continues to adapt to the post-pandemic world. *See* [Commercial Edge January 2025 Office Market Report](#). Office vacancies are not expected to fall in 2025, despite return-to-office mandates from major corporations and the Federal government, given recent changes in office culture defined by a new work culture reliant on remote and hybrid work. Thus, there is little to no demand for new office space.
 - b. In the District of Columbia, the office vacancy rate increased to approximately 20.3% by the end of 2024, up from approximately 17% at the beginning of 2022, as negative absorption pushed vacancy rates higher. *See* [Colliers Washington, DC Office 24Q4 Report](#).
 - c. At Capitol Crossing specifically, and as noted above, we delivered two office buildings (200 and 250 Massachusetts Avenue, NW) in 2019 on the North Block. As of the date of this affidavit, 200 Massachusetts Avenue is approximately 84% occupied and 250 Massachusetts Avenue is approximately 22% occupied. The

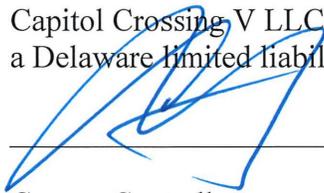
ground floor retail for the two buildings combined is only 50% occupied, even after our investment of over \$25 million to promote and finish out the new retail space. Based on these figures, it is clear that there is no demand for new office or retail space at Capitol Crossing at this time, such that an additional two years to file a building permit application for the Office Building at the Property is necessary.

- d. Challenges to the construction industry generally have also disrupted office construction, including increased costs of labor and materials. In Washington, D.C., there were zero office deliveries during the fourth quarter of 2024, with only one office building under construction. Office development continues to be “at an all-time low” with 12 straight quarters of negative absorption. *See* Colliers Washington, DC Office 24Q4 Report.
 - e. Retailers, restaurateurs, and grocers have also been reluctant to lease ground floor space as they wait to see how economic conditions change or improve in subsequent years.
17. Due to the above considerations, we have determined that in order to ensure an economically feasible and successful office project, the most practical course of action is to seek an extension to the approval of the Office Building on the Property.
18. Despite the obstacles described above, we are fully committed to moving forward with further development of the Property within the prevailing constraints. We are currently engaged with the brokerage and investment communities on a continuing basis to evaluate potential opportunities at the Property. Given the recent and upcoming return-to-office mandates across multiple industries, we believe that it is possible that the office market will improve in the nearer-term future. If not, we will submit a separate application to the Zoning Commission for a modification to the approved PUD for the Property to reflect a marketable and realistic development proposal.
19. Based on the foregoing information, it is clear that we have taken many steps to move forward with development of the Office Building on the Property, even though we have been unable to move forward with construction of the Office Building to date. As noted above, we have already constructed and delivered the base infrastructure, including all parking and loading, and we are fully committed to moving forward with development of the Property as soon as market conditions allow. We have invested substantial resources in the overall Capitol Crossing PUD, including the Property, over many years, including legal, architectural, engineering, permitting, construction, and other consulting fees. We estimate that such costs have totaled over \$1.3 billion in the project overall. There is simply no financial advantage for us not to move forward with development of the Property and we have every incentive to do so as soon as feasible.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

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.

Capitol Crossing V LLC,
a Delaware limited liability company



George Cantrell

Vice President

April 8, 2025

Sworn and subscribed to me this 8th day of April, 2025.



Notary Public



EXHIBIT 1 TO AFFIDAVIT

Government of the District of Columbia
Department of Transportation



IPMA. Infrastructure Project Management Administration

August 28, 2023

Mr. Ted Hallinan
Capitol Crossing Advisors
200 Massachusetts Ave. NW, Suite 420
Washington, DC. 20001

Subject: Substantial Completion of Capitol Crossing

Dear Mr. Hallinan,

Regarding the letter dated November 15, 2022, entitled: Substantial and Final Completion of Capitol Crossing Request, the District Department of Transportation (DDOT) has reviewed this request and notes that to achieve Final Acceptance the following items must be completed:

- Runoff water which is entering the Tunnel and E Street Bridge abutment must be mitigated.
- The maintenance of the Tunnel Egress Intercom needs to be resolved to DDOT's satisfaction.
- The three Covenants of Maintenance for non-standard materials need to be resubmitted for DDOT review and, pending DDOT approval, recorded with the Recorder of Deeds.

Considering that the 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*" and subject to the items noted above that must be completed prior to Final Acceptance, the Request for Substantial Completion is granted.

Should you have any questions regarding the content of this letter or desire a meeting, please feel free to contact me by phone 202-671-4691 or email Richard.kenney@dc.gov.

Regards,



Richard W. Kenney, PE
DDOT Chief Engineer

CC: Blaine Carter, Capitol Crossing Advisors
Ali Shakeri, PE, DDOT Wards 5 & 6 Program Manager
Matthew Marcou, DDOT Chief of Staff
Margaret Crane, DDOT Senior Assistant General Counsel
Amanda Stout, DDOT Deputy Chief Project Delivery Officer

EXHIBIT 2 TO AFFIDAVIT



Aerial view facing south



SW corner of 2nd and F Streets NW looking South



SW corner of 2nd and F Streets NW looking West



NW corner of 2nd and E Streets NW looking West



North side of E Street between 2nd & 3rd Streets NW looking East



North side of E Street between 2nd & 3rd Streets NW looking West