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February 18, 2026

VIA IZIS

Zoning Commission
for the District of Columbia
441 4th Street, NW, Suite 210S
Washington, DC 20001

**Re: Time Extension Request – Z.C. Case No. 15-27G
Approved Modification of Significance to First- and Second-Stage PUD
Building C2 – 1275 Union Street, N.E. (Square 3587, Lot 834)**

Dear Members of the Commission:

On behalf of 350 MORSE CPK OWNER C2, LLC (the “Applicant”), owner of the property located at 1275 Union Street, N.E. (Lot 834 in Square 3587) (the “Property”), we hereby submit this application requesting a two-year extension of the Modification of Significance to First- and Second-Stage PUD approved under Z.C. Order No. 15-27G (the “Order”).

The effective date of the Order is May 10, 2024, therefore the deadline to file a building permit is May 11, 2026, and construction is required to begin no later than May 10, 2027. **The Commission’s approval of this time extension would extend the deadline to file a building permit application to May 11, 2028, and require construction to begin no later than May 10, 2029.**

This application is submitted to the Commission pursuant to Subtitle Z § 705 of the District of Columbia Zoning Regulations (Title 11 DCMR). The required Application Form 106 is being filed concurrently via IZIS. A check in the amount of \$2,671.21, made payable to the D.C. Treasurer for the requisite filing fee (calculated pursuant to Subtitle Z § 1600.10(c)), will also be provided to the Office of Zoning at the time of filing.¹

The following sections provide background information and the Applicant’s justification for the requested time extension.

¹ Pursuant to Subtitle Z § 1600.10(c), the filing fee is the greater of \$1,500, up to a maximum of \$5,000, or ten percent (10%) of the original hearing fee—which in Z.C. Case No. 15-17G was \$26,712.14 (*see* Ex. 16). Ten percent of the original fee equals \$2,671.21. Therefore, the applicable filing fee is \$2,671.21.

A. Background

1. Property and Surrounding Area

Pursuant to Z.C. Order No. 15-27, dated March 27, 2017, and effective July 21, 2017 (“Original Order”), the Commission approved a consolidated PUD, a first-stage PUD, and a related Zoning Map amendment from the C-M-1 zone to the C-3-C zone (now MU-9) for Lots 805, 814, and 817 (part of Record Lot 6) in Square 3587 (the “Overall PUD Site”).²

The Overall PUD Site has a total land area of approximately 208,671 square feet and is bounded by New York Avenue, N.E. to the north, 4th Street, N.E. to the northeast, Morse Street, N.E. to the southeast, Florida Avenue to the southwest, and the Amtrak and Metrorail rail lines to the west. At the time that the Order was approved, the Overall PUD Site was improved with one-story industrial warehouse buildings previously used for wholesale distribution.

The Property is located on the east side of the Overall PUD Site and has approximately 21,290 square feet of land area. The Property is bounded by Neal Place to the north, a private alley to the east, and Union Street to the west. To the south of the Property is Lot 833, which is improved with “Building C1”.

2. Prior Approvals and Project Overview

Pursuant to the Original Order, the Commission approved development of the Overall PUD Site with four buildings (“Building A,” “Building B,” “Building C,” and “Building D”) containing residential, retail, office, and optional hotel uses (the “Overall Project”). The Overall Project was approved to be constructed in two phases. Phase I was the consolidated PUD and included the southern portion of Building A (“Building A1”), Building B, and the southern portion of Building C (Building C1). Phase II was the first-stage PUD and included development of the northern portion of Building A (“Building A2”), the northern portion of Building C (Building C2, to be located on the Property), and Building D. *See* Z.C. Order No. 15-27G, FF No. 4.

Pursuant to the Original Order, the Overall Project was approved to have an aggregate density of approximately 7.1 floor area ratio (“FAR”) with approximately 1,091,201 square feet of gross floor area (“GFA”) devoted to residential use, approximately 52,968 square feet of GFA devoted to retail use, and approximately 217,558 square feet of GFA devoted to office use. (See Z.C. Order No. 15-27, Decision No. A(2).) The approved Overall Project included approximately 1,103 residential units and 682 parking spaces, with maximum building heights ranging from 78 to 130 feet. (Ex. 3.). *Id.* at FF No. 4.

² Z.C. Order No. 15-27 was approved pursuant to the 1958 Zoning Regulations. Under the 2016 Zoning Regulations, which repealed and replaced the 1958 Zoning Regulations on September 6, 2016, the C-M-1 zone was re-designated to the PDR-1 zone and the C-3-C zone was re-designated to the MU-9 zone. Following approval of Z.C. Order No. 15-27, new Assessment & Taxation (“A&T”) lots were established for the Overall PUD Site to correspond with the individual development parcels. Accordingly, the Overall PUD Site is now known as Lots 819, 833-835, and 838-840. Lots 833-835 and 838-840 represent the individual development sites, and Lot 819 represents District-owned property that operates as the private streets and alleys surrounding the development sites. Lot 819 is not included in the Overall PUD Site’s land area.

Zoning Commission for the District of Columbia
Time Extension Request for ZC Order No. 15-27G

To date, the following buildings have been delivered:

The Gantry, located at 300 Morse Street, N.E. and 325 Morse Street, N.E., which collectively include a total of 551 residential units and ground floor retail uses;

The Margarite, located at 1280 Union Street, N.E., which includes 260 residential units and ground floor retail uses;

Theory, located at 300 Neal Place, N.E., which includes 159 residential units and ground floor retail uses; and

Signal House, located at 1255 Union Street, N.E., which includes office and ground floor retail uses.

Pursuant to Z.C. Order No. 15-27B(2), dated July 27, 2020, effective October 22, 2021, the Commission approved an application to convert the primary use of Building C2 from residential to office use. The approval also included special exception relief pursuant to Subtitle C § 1500.3(c) to permit restaurant/bar uses within the penthouse.

Subsequently, pursuant to Z.C. Order No. 15-27G, dated November 13, 2023, and effective May 10, 2024 (Exhibit A), the Commission approved an application for the Property to convert the approved use of Building C2 from an office building with ground floor retail to a residential building with ground floor retail.

The Commission found that the Applicant did not propose any changes to the approved public benefits, other than to enhance the affordable housing proffer for Building C2 by deepening the affordability level such that the IZ units would be provided at 50% and 60% of the MFI, instead of at 50% and 80% of the MFI, as approved in the Original Order. (*Id.* At FF No. 50). As the Applicant did not request additional flexibility or development incentives that would warrant a re-balancing, there was no change to any proffers other than to increase the affordable housing proffer approved in Z.C. Order No. 15-27. (*Id.*)

B. Request for Time Extension

Under Subtitle Z § 705.5, an applicant with an approved PUD may request no more than two time extensions, excluding any granted as a result of the COVID-19 pandemic. The regulation further provides that a second extension may be approved for no more than one year. This is the Applicant's first request for an extension of the approved PUD. Specifically, the Applicant respectfully requests a two-year extension of Zoning Commission Order No. 15-27G, which would adjust the applicable deadlines as follows:

- **May 10, 2028 – Extended deadline to file a building permit application**
- **May 10, 2029 – Extended deadline to start construction**

C. Eligibility Under and Compliance with Criteria Under Subtitle Z § 705

Pursuant to Subtitle Z § 705.6, a time extension request may not be filed more than six (6) months prior to the expiration date of the order. This request is timely filed within six (6) months of the expiration date of the PUD Order which, as explained above, is May 10, 2026.

Zoning Commission for the District of Columbia
Time Extension Request for ZC Order No. 15-27G

Under Subtitle Z § 705.2, an applicant may request an extension of the time periods established by a PUD order “**for good cause** upon the filing of a written request, before the expiration of the approval,” upon documenting certain conditions. (Emphasis added.) The Commission may, in its discretion, grant such a request upon determining that the applicant “has sufficiently evidenced compliance” with the criteria set forth in Subtitle Z § 705.2. Subtitle Z § 705.3(a). As discussed below, this application satisfies all applicable criteria:

- Subtitle Z § 705.2(a): *The extension request is served on all parties to the application by the applicant, and all parties are allowed thirty (30) days to respond;*

Pursuant to Subtitle Z § 403.5, ANC 5D was an automatic party to the original PUD case. The Commission received no other requests for party status. As indicated by the Certificate of Service submitted herewith, the Applicant served a copy of this time extension request on ANC 5D as well as the Office of Planning and the Department of Transportation at the time of filing. Moreover, the Applicant acknowledges that parties are permitted thirty (30) days to respond before the Commission considers this application.

- Subtitle Z § 705.2(b): *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*

There has been no substantial change to the material facts underlying the Commission’s approval in the Order, including the public benefits and requested development incentives, or to its consistency with the Comprehensive Plan, the Florida Avenue Market Study (the applicable Small Area Plan), and other adopted policies and programs.

- Subtitle Z § 705.2(c): *The Applicant demonstrates with substantial evidence one (1) or more of the following criteria:*
 - (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.*

Good cause exists under Subtitle Z § 705.2(c)(1) because financing conditions for residential development in the District remain unusually difficult. As described in a letter attached

at Exhibit B from Eastdil Secured, one of the largest independent commercial real estate investment banks in the world with a long history and deep familiarity with residential development in the District of Columbia, these challenges stem from “elevated interest rates, significantly more conservative lender underwriting, and uncertainty surrounding near-term economic conditions have collectively reduced appetite for ground-up construction equity and debt capitalization options across the multifamily sector.” Further, Eastdil Secured, indicates that additional time to allow the market stability to improve would “materially improve the likelihood that this development can be responsibly capitalized and successfully executed.”

Since the Applicant acquired the Property, and with almost 10 years having passed since the Original Order became final and effective on July 21, 2017, capital-market conditions have shifted significantly. The current financing environment is markedly different from the one in place when the Project was initially designed. The Applicant has invested significant time, money, and resources into advancing the Project, and to date has delivered The Gantry (551 residential units and ground floor retail uses) and Theory (159 residential units and ground floor retail uses). However, despite the Applicant’s efforts to date to move forward with the building approved pursuant to Zoning Commission Order No. 15-27G, market conditions remain unusually restrictive and continue to block the Project from advancing to construction.

As detailed in the Affidavit of Ronnie Gibbons, Senior Vice President of Carmel Partners (Exhibit C), the Applicant has experienced immense difficulty securing financing for the Project due to the current market conditions. These factors, all beyond the Applicant’s control, meet the good-cause standard under Subtitle Z § 705.2(c) and have prevented the timely filing of a building-permit application, while also likely postponing a realistic construction start date, thereby necessitating additional time to deliver the Project.

The Applicant therefore respectfully requests a two-year extension of the Order. This additional time is needed to account for current market conditions, while preserving the Commission’s approval and public benefits. The Applicant continues to advance construction drawings and remains prepared to proceed with permitting and construction as market conditions improve.

D. No Public Hearing Necessary

Pursuant to Subtitle Z § 705.7, the Commission must hold a hearing on an extension request only if a material factual conflict arises concerning the criteria in Subtitle Z § 705.2. No such conflict exists here. The Applicant does not anticipate that the ANC will raise a material objection to the “good cause” justifications, and it is widely acknowledged that current market conditions have adversely affected the pace of new residential development in the District. Accordingly, the Applicant submits that a public hearing is not necessary for the Commission to evaluate this request.

E. Community Outreach

The Property is located within ANC 5D and Single-Member District (“SMD”) 5D01, which is represented by Commissioner Isabel Cholbi. As reflected in the attached Certificate of Service, the Applicant has served this request on ANC 5D, its chair, and the SMD representative,

Zoning Commission for the District of Columbia
Time Extension Request for ZC Order No. 15-27G

and intends to engage the ANC in the course of processing this application, as appropriate. The Applicant will provide any necessary update to the Commission before the request is considered at a public meeting.

F. Conclusion

For the reasons set forth above, the Applicant's request for a time extension meets the criteria in Subtitle Z § 705.2. Accordingly, the Applicant respectfully requests a two-year extension of the building permit application and construction deadlines established in Z.C. Order No. 15-27G.

Respectfully submitted,

HOLLAND & KNIGHT LLP

By: 

Kyrus L. Freeman
Madeline Shay Williams

Attachments

cc: Certificate of Service

CERTIFICATE OF SERVICE

We hereby certify that on February 18, 2026, a copy of the foregoing correspondence requesting a two-year time extension of the validity periods established in Z.C. Order No. 15-27G was served by electronic mail on the following at the addresses listed below.

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Commissioner Salvador Saucedo-Guzman

Chair, ANC 5D

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Commissioner Isabel Cholbi

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Parties to First-Stage PUD

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