

March 31, 2026

Mr. Anthony Hood, Chairman
D.C. Zoning Commission

Re: **Z.C. Case Nos. 12-14/12-14A, 12-14B, 12-14C, 12-14D, 12-14E, and 12-14(1): Application for Time Extension of the Second Phase of the Approved PUD at 300 K Street SW**

Dear Chairman Hood and Members of the Commission:

On behalf of 3rd & K, LLC (the “**Applicant**”), we hereby request a two-year extension of the second phase of the consolidated PUD and related Zoning Map amendment originally approved in 2014 under Z.C. Order No. 12-14/12-14A, as modified pursuant to Z.C. Order Nos. 12-14C and 12-14D (together with Orders 12-14B and 12-14E, the “**Orders**,” attached as Exhibit A) to allow the construction of two new residential buildings in two phases, underground parking, and associated site improvements (the “**Project**”).

Specifically, the Applicant requests that the Zoning Commission (“**ZC**” or “**Commission**”) approve the following:

1. A two-year extension of the deadline to file a building permit application for the second phase building to April 27, 2028;
2. A corresponding extension of the deadline to commence construction to April 27, 2030; and
3. A waiver for good cause shown, pursuant to Subtitle Z § 101.9, of the limitation on the number and length of time extensions in Subtitle Z § 705.5.

As discussed in more detail below, this application meets all the applicable standards for the extension request and waiver.

I. Background on the PUD and Status of Approvals and Construction

The subject property, Lots 816, 817, 821, 883, and 2124-2251 in Square 542 (“**Property**”), is in Ward 6 in the Southwest/Waterfront neighborhood. The Property is bounded to the north by K Street SW, to the south by M Street SW, to the east by 3rd Street SW, and to the west by the Waterfront Station development. The Property consists of a total of 76,106 square feet of land area but is bifurcated into two parcels that are separated by a multifamily building that is not part of the PUD. The north parcel has an address of 300 K Street SW (Lots 816 & 821) (“**North Property**”) and is

the subject of this time extension request. The North Property is currently improved with a surface parking lot.

The Orders approved the Project in two phases, one for each new residential building. Phase one, a new residential building on the south parcel of the Property was constructed at 301 M Street SW (the “**South Building**”). The second phase, which is not yet constructed, is a new 11-story residential building with approximately 187 residential units and 90-92 underground parking spaces on the North Property (the “**North Building**”). In addition to constructing the North Building, the second phase of the PUD includes renovating the existing north I.M. Pei multifamily residential building, which is a historic landmark, that is adjacent to the North Property. The North Building will devote 12% of its gross floor area (“**GFA**”) to inclusionary zoning (“**IZ**”) units at 60% of the median family income (“**MFI**”).

The Orders originally required the Applicant to file a building permit application for the North Building within two years after the South Building’s Certificate of Occupancy. The South Building received its Certificate of Occupancy on April 27, 2018, which meant that a building permit application for the North Building was required to be filed by April 27, 2020.

The deadlines for filing a building permit application and beginning construction for the North Building have been extended three times. First, pursuant to Order No. 12-14B, the Commission approved a two-year extension of the permit application and construction start deadlines. Second, pursuant to Order No. 12-14(1), the North Building received a one-year COVID-19 administrative extension of the permit application and construction start deadlines. Third and most recently, pursuant to Order No. 12-14E, the Commission approved a two-year extension and waiver from the limit on the number and length of extensions under Subtitle Z § 705.5 so that a building permit application must be filed by April 27, 2026, and construction must begin by April 27, 2028.¹

However, since receiving the third time extension in 2024, unfavorable market conditions for new multifamily residential buildings in the District have persisted, and, in several respects, have worsened. These conditions resulted in the Applicant’s continued inability to secure financing for the North Building and to proceed with permitting and construction. The continued rising vacancy rates, increased construction costs, and a hostile lending environment have created market conditions that result in the Applicant’s inability to secure financing and proceed with development of the North Building.

¹ The Applicant timely filed a building permit application before requesting the time extension in Case No. 12-14E. However, that permit application lapsed due to the Applicant’s inability to secure financing, as further described in Order No. 12-14E.
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II. The Commission Should Grant the Requested Time Extension

A. Standards of Review of Time Extension Request

The standards for a time extension are enumerated in Subtitle Z § 705.2 of the Zoning Regulations. The Commission is authorized to extend a PUD provided that:

- (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;*
- (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*
- (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.*

In addition to the foregoing, Subtitle Z § 705.5 permits a maximum of two extensions, not including any granted due to the COVID-19 pandemic, and limits the second extension to one year. Pursuant to Subtitle Z § 101.9, the Commission may waive, for good cause shown, any of the rules set forth in Subtitle Z if doing so will not prejudice the rights of any party and is not otherwise prohibited by law. Accordingly, the Applicant requests that the Commission waive this section as it pertains to both the limit on the number and length of time extensions for this additional time extension request.

B. Applicant's Satisfaction of the Standards for Granting Time Extension and Waiver

1. *Service on all parties to the application and 30 days to respond*

This request is being served on Advisory Neighborhood Commission 6D, Carrollsburg A Condominium, and Waterfront Tower Condominium, all of which were parties to the original PUD proceeding. The Applicant asks that the Commission not place this request on its meeting agenda until after the 30-day notice period has lapsed.

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*

There has been no substantial change in any material facts that would undermine the basis for the Commission's approval of the Orders. The Project remains consistent with the design and program approved by the Commission in the Orders, and the North Building will continue to provide the planned 187 residential units and 90-92 underground parking spaces. Additionally, time extensions were specifically contemplated by the Commission during the original PUD approval process. At one of the final public meetings where the Commission discussed the original PUD, despite the Applicant's request, all the Commissioners were in favor of a shorter *initial* development timeline while leaving open the prospect of allowing extensions when appropriate.²

3. *Continued inability to obtain sufficient project financing because of economic and market conditions beyond the applicant's reasonable control*

Despite its efforts to find reasonable financing and because of the economic conditions that are widely unfavorable to new multifamily residential development, the Applicant will not be able to proceed with filing a building permit application by the current deadline of April 27, 2026 (see affidavit of Greg Rooney attached as Exhibit B). These persistent adverse market conditions warrant the granting of another two-year time extension.

When granting the 2024 extension in Order No. 12-14E, the Commission concluded that rising vacancy rates, increased construction costs, and a constrained lending environment justified additional time for developing the North Building. Since then, conditions have not improved. Interest rates have remained elevated relative to pre-pandemic norms, materially increasing construction loan pricing. Lenders are underwriting to lower loan-to-cost ratios and higher debt service

² See Transcript of Public Meeting at 25-28, ZC Case No. 12-14 (January 13, 2014).
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coverage requirements. Equity sources have increased return thresholds and reduced appetite for ground-up multifamily construction. Insurance, labor, and construction costs remain significantly above pre-2020 baselines. Finally, multifamily absorption in the District has lagged recent delivery levels, leading to continued lender caution and conservative underwriting.

Recent multifamily market data indicate persistent challenges for new construction financing and proceeding with development. In the Greater Washington, D.C. market, vacancy rates have risen and new supply outpaced absorption through 2025.³ Elevated construction deliveries and slower absorption have produced a cautious D.C. regional outlook for 2026.⁴ National reports similarly describe ongoing elevated supply, slow rental growth, continued uncertainty in capital markets, and conservative lender underwriting standards that perpetuate tight capital markets, even though such national reports do expect a better outlook starting in 2026.^{5 6}

Industry surveys indicate that economic uncertainty has been a primary cause of construction delays and financing caution, with lenders and equity sources adopting more conservative underwriting and capital deployment practices.⁷ This environment continues to constrain the Applicant's ability to secure construction financing on acceptable terms, thereby justifying the requested time extension and waiver.

4. Good cause to waive Subtitle Z § 705.5

Here, the Commission has good cause to waive Subtitle Z § 705.5 and grant the requested two-year extensions to enable the Applicant to complete the second phase of a comprehensive two-phase PUD.

First, the Commission has already recognized extraordinary market disruption in granting the 2024 extension in Order No. 12-14E. Since then, as described above, those conditions have not materially improved and, in several respects, have further constrained development financing and the Applicant's ability to find financing with terms that are economically feasible.

Second, the Applicant has acted diligently in its efforts to complete the PUD. Phase One was completed. A permit application (now lapsed) for the North Building was timely filed. Importantly, the Applicant is nearing completion of the renovation of the existing north I.M. Pei building that is part of the second phase, and that

³ <https://www.yardimatrix.com/blog/washington-dc-multifamily-market-report/>

⁴ <https://www.northmarq.com/insights/insights/easing-construction-rebalances-regional-outlook-washington-dc-multifamily-market>

⁵ <https://www.cbicommercial.com/blog/us-multifamily-market-2025-recap-and-2026-outlook>

⁶ <https://www.cushmanwakefield.com/en/united-states/insights/us-marketbeats/us-multifamily-marketbeat>

⁷ <https://arbor.com/blog/u-s-multifamily-market-snapshot-november-2025/>
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renovation will deliver 160 rent-controlled units (32 never existed in the building before) in a few weeks. Further, financing for the North Building has been actively pursued. The Applicant's inability to proceed with the North Building is not due to inaction but to prolonged capital market tightening and difficult multifamily market conditions, particularly in the District. While a third time extension is not expressly allowed in the Zoning Regulations, the market conditions that the Applicant – and many other developers are facing – are unusual and justify the requested waiver of the limit on time extensions.

Third, denial of the requested waiver to allow the time extension would effectively terminate the North Building due to extended macroeconomic disruptions outside of the Applicant's control, thereby undermining the Commission-approved market rate and affordable housing commitment and the comprehensive two-phase development envisioned for this PUD.

Finally, the requested waiver will not prejudice the rights of any party. The approved design, density, uses, and public benefits remain unchanged since the last approved modification. The requested extension merely preserves the existing entitlement framework so that the North Building may proceed when financing becomes viable.

Under these circumstances, the Commission has ample basis to find good cause and grant the requested waiver to approve the requested time extension.

III. Exhibits

Attached are the following Exhibits:

Exhibit A – Z.C. Order Nos. 12-14/12-14A, 12-14B, 12-14C, 12-14D, 12-14E, and 12-14(1)

Exhibit B – Affidavit of Greg Rooney

IV. Conclusion

For the foregoing reasons, the Applicant requests that the Commission grant the requested two-year time extension and waiver of its rules. Please feel free to contact the undersigned if you have any questions or comments regarding this application.

Sincerely,
GOULSTON & STORRS PC

_____/s/_____
Cary Kadlecek

