

April 8, 2026

VIA IZIS

Anthony Hood, Chairperson
District of Columbia Zoning Commission
441 4th Street, NW, Suite 200-S
Washington, DC 20001

Re: **Z.C. Order No. 21-20B: Modification Without Hearing and Time Extension of Design Review Approval for 1 S Street, NW (Square 662, Lot 16) (“Property”)**

Dear Chairperson Hood and Members of the Commission:

Steuart Investment Company (the “**Applicant**”) hereby requests (i) a Modification Without Hearing pursuant to Subtitle Z § 703 and (ii) a two (2)-year time extension of the period to apply for a building permit pursuant to Subtitle Z § 705 for the Design Review approval granted in Z.C. Orders No. 21-20 – 21-20B (collectively, the “**Order**”). The Order approved the development of a thirteen (13)-story mixed-use building with approximately 434 residential units and ground-floor retail use (the “**Project**”) constituting Phase 1 of the Applicant’s proposed redevelopment of the overall Square 662.

The Applicant requests approval to modify the Project phasing to reduce the size of the first phase in order to better position the Project to obtain financing. The result of the reduction would allow for the revised Phase 1 to consist of approximately 335 units, with the remaining units and ground-floor retail space located in the western portion of original Phase 1 to be developed in a later phase. In addition, the Applicant proposes to replace the ground-floor retail space previously proposed for the eastern portion of the Phase 1 footprint with additional residential units, each with individual street-facing unit entrances along the Property’s South Capitol Street frontage, which is also necessary to better facilitate financing for the Project and ensure activation of the abutting public realm along South Capitol Street upon completion of the Project. The modification also includes the reconfiguration of the Phase 1 penthouse, including the addition of approximately three (3) residential units, and adjustments to the design along the private alley proposed for the north side of the building in coordination with the rephasing.

Approval of a time extension is also necessary to allow the Applicant additional time to obtain financing for the Project due to the continuing challenges in the market conditions for commercial real estate development in the District. In addition, the Applicant requests a waiver

pursuant to Subtitle Z § 101.9 from Subtitle Z § 705.4 to allow a second extension for a Design Review approval.

An agent authorization letter for this Application is attached as Exhibit A, and a copy of Z.C. Orders No. 21-20–21-20B is attached as Exhibit B.

I. Background

The Property is located in Buzzard Point at the corner of S Street, SW, Half Street, SW, and the South Capitol Street right-of-way, just south of the traffic Oval at Frederick Douglass Memorial Bridge. The Project, as approved, includes approximately 434 residential units, as well as ground-floor retail, and represents the initial phase of a multi-phased development in the Square. The approved Project has a height of 130 feet and floor area ratio (“**FAR**”) of approximately 3.47, as calculated on the entire record lot (where future development phases will be constructed) or approximately 7.92 FAR as measured against the initially approved Phase 1 land area. The Project includes enhancements to the pedestrian realm in the public space surrounding the Property.

The Project was approved by Z.C. Order No. 21-20. In 2023, the Applicant requested and was granted a Modification of Consequence in Z.C. Order No. 21-20A, which approved revisions to the Project’s penthouse and roof configuration, the streetscape and façade design along S Street, SW, and the private alley abutting ground floor and vehicle circulation along the north side of the building. In 2024, the Commission approved a two (2)-year time extension of Order No. 21-20 based on unanticipated delays in the review process the Applicant has coordinated with the District Department of Transportation (“**DDOT**”) to implement significant improvements to the public street network surrounding the Property, including raising the street level several feet to be out of the 500-year floodplain. The Order currently remains valid until April 8, 2026.

II. Modification

A. Proposed Modifications

As shown in the architectural plans attached as Exhibit C (“**Plans**”), the Applicant proposes to modify the Project to: (i) reduce the scope of the Phase 1 development such that the initial construction consists of approximately 335 residential units, with the western portion of the original Phase 1 building developed as part of the later phases of the overall multiphase development of the Square; (ii) replace the retail space previously proposed for the ground-floor space along the eastern portion of the Project with additional residential units that will include individual unit entrances along the Property’s South Capitol Street frontage; (iii) reconfigure the Phase 1 penthouse, including the addition of approximately three (3) residential units; and (iv) adjust the design along the private alley on the north side of the building in coordination with the rephasing. The revised Phase 1 would have an FAR of approximately 2.66 as calculated on the entire record Lot 16.

The proposed reduction in the scope of the Phase 1 development is driven by the current market conditions for financing for large multifamily developments such as the Project and the necessity of right-sizing the overall size of the initial phase to meet the challenges of the current financing market. As shown on Pages A03 and A06 of the Plans, the western portion of the original Phase 1 building is proposed to be converted to a temporary lawn in the revised Phase 1 condition, with the ground-floor retail space and additional units associated with that portion of the building to be developed as part of a later phase of the overall development of the Square. The design of the overall development will otherwise remain consistent with the original design approved in the Order. The proposed re-phasing to reduce the overall number of units included in the initial phase is a necessity given the extremely challenging financing market for mixed-use/multifamily projects of the scale initially conceived when the original Design Review application was first approved in 2022. Delivering the originally approved approximately 434 units as part of the first phase in the current market would be difficult, while delivering approximately 335 units in the updated first phase would be more feasible, though still challenging. The reduced Phase 1 will also provide approximately 196 parking spaces (reduced from approximately 264 parking spaces), due to the smaller size of the parking garage footprint, as shown on Page A05 of the Plans.

Replacement of the previously proposed ground-floor retail space in the eastern footprint of the Phase 1 structure with additional residential units is also directly tied to the Applicant's ability to obtain financing to move the Project forward. The inclusion of these new residential units will also activate the adjacent South Capitol Street right of way and surrounding public realm immediately upon completion of the Project. Due to the Project's location along a unique portion of the South Capitol Street right of way, south of the traffic Oval and isolated from existing surrounding development, new retail space would be extremely challenged at this location and would not sufficiently activate the surrounding pedestrian environment. Importantly, the Project development team, which includes MRP Realty, has extensive direct experience with the challenges facing the current retail leasing environment in the Buzzard Point/Navy Yard area from the team's other nearby projects — shown in red on Page A01 of the attached presentation — which include Dock 79, Maren, and Verge. The Applicant has faced significant difficulties in securing tenants for these retail spaces, and most of the retail tenants that have been secured have been extremely challenged. Most notably, for the Verge, completed in 2022 and located across S Street, SW immediately south of the Property, the development team has not been able to secure a viable retailer for the space despite over three (3) years of leasing efforts.

In addition to the challenges facing the retail leasing market in the District and in the Ballpark/Buzzard Point area, there are also factors specific to the Project's ground-floor space facing South Capitol Street that make it even more difficult to secure a retail tenant for this space, and for any such tenant to ultimately succeed. First, the ground-floor space facing South Capitol Street is approximately ten (10) feet below the elevation of the Oval to the north and, thus, would have no visibility from any major thoroughfare. In addition, the space lacks the unique waterfront setting that other locations are able to capitalize on. Even the Dock 79 and Maren sites, which have locations more advantageous for pedestrian traffic and adjacencies than the Phase 1 footprint, are not able to maintain retail tenants. Lastly, given the Project's location, there would not be

adjacent retail uses to support the existence of such space along South Capitol Street. For all these reasons, the development team's retail broker has advised that the Project's ground-floor space facing South Capitol Street simply is not viable for retail.

More strategically for the consideration of the whole Project in the Square, the Applicant still intends to deliver significant retail, including a commercial user with a larger footprint, potentially including a grocery, to the western and north portions of the Square. The removal of retail from Phase 1 will allow for the introduction of additional residents to the Square that will help to make such future phase retailers a reality.

By contrast, the proposed change to substitute family-sized housing adjacent to the park area proposed for the South Capitol Street right of way will help to activate this area immediately, rather than maintaining a retail area that will almost certainly sit vacant for an extended period and therefore detract from the adjacent planned park area and the streetscape itself. As shown on Page L10 of the Plans, the inclusion of individual unit entrances along South Capitol Street, including individual terrace gardens, will contribute to the pedestrian environment in the abutting public realm. These units will help seed activity in this area, particularly when compared to retail space that would likely be dark and vacant for an extended period, as has other retail in this area, for the reasons discussed above. By contrast, the proposed additional residential units with direct street entrances will beautify the space and generate pedestrian activity immediately upon completion of the Project. These residents will also assist with attracting other users to the park and the streetscape itself, which will have a compounding effect on security and community connection.

The inclusion of the family-sized housing and the three (3) additional residential units in the penthouse will also allow for additional Inclusionary Zoning housing to be provided in Phase 1, including units set aside for households earning 50% of the Washington, DC Median Family Income ("MFI") based on the area of the penthouse units. The revised design also includes private terraces to serve the new units, along with adjustments to the location of the pool deck serving the building. As part of the original Design Review approval, the Commission approved penthouse setback relief under Subtitle C § 1504.1 to permit the interim condition of the Phase 1 penthouse facing north, which will ultimately face onto an interior closed court and thus not be required to be set back in the permanent condition. Similarly, the west penthouse wall of the revised Phase 1, which provides elevator and stair access to the penthouse level, will ultimately be covered by the later phase construction of the western portion of the building, and the Applicant requests that the setback relief previously approved in Z.C. Order No. 21-20 be updated to incorporate the interim condition of the west penthouse wall.

As shown on Page A03, the location of the loading and delivery areas on the north side of the Project abutting the private alley has been adjusted in coordination with the revised phasing. The exterior façade at the drop-off area has been pulled back to provide additional light and breathing room to the alley and increasing visibility for the drop-off space. In addition, bioretention elements have been incorporated along the alley, providing more greenery.

Remarkably, the above changes will potentially allow the Phase 1 project to proceed while still remaining almost entirely consistent with the exterior design originally approved by the Commission. As can be seen on Pages A07-A10 in the Plans, the façade designs have been untouched from the original approval. The same number of balconies are proposed in the same configuration and the same materiality is proposed in the same locations. The Project team is still committed to bringing the high quality design to reality. This is significant consistency to consider as part of the requested Design Review modification consideration. In addition, the new proposed ground-entry family-sized units themselves allow for a different product type to be implemented within the Phase 1 project, offering unique benefits as part of the updated Project design.

B. The Modification Qualifies as a Modification Without Hearing

Pursuant to Subtitle Z § 703.6, a “modification without hearing is a modification in which impact may be understood without witness testimony, including, but not limited to a proposed change to a condition in the final order, a change in position on an issue discussed by the Commission that affected its decision, or a redesign or relocation of architectural elements and open spaces from the final design approved by the Commission.”

Here, the proposed re-phasing and replacement of ground-floor retail space along South Capitol Street with additional residential units are readily understood without witness testimony and pertain to a change in position on an issue that affected the Commission’s decision. The revised phasing of the Project and reprogramming the ground-floor space on the eastern portion of the building are clearly illustrated in the attached Plans, and the need for such changes based on market conditions for construction financing and for retail in this area of the District are addressed in this Application. Furthermore, as mentioned above, aside from the modified phasing and replacement of retail use with residential units in the ground-floor space along South Capitol Street, the Project design remains consistent with the design intent of the existing Design Review as previously approved by the Commission. For all these reasons, the proposed Project revisions qualify as a Modification Without Hearing under Subtitle Z § 703.6.

C. Service on Parties

The Applicant discussed these changes with the Property’s Single Member District representative on Advisory Neighborhood Commission (“ANC”) 6D and will continue to work with the ANC as the Application moves forward. The ANC was the only party to the initial approval and subsequent modification and extension. A copy of this Application is being sent to the ANC concurrent with this filing as required pursuant to Subtitle Z § 703.10.

III. The Commission Should Grant the Requested Time Extension

As noted above and discussed in detail below, the Applicant requests a two (2)-year time extension to allow additional time to secure financing to move the Project toward construction given the continuing challenges in the market conditions for commercial real estate development in the District and to implement the Project modifications discussed above into the permit plans.

In addition, the Applicant requests a waiver pursuant to Subtitle Z § 101.9 from Subtitle Z § 705.4 to allow a second extension for a Design Review approval. As discussed below, the Applicant meets the standards for the requested extension and waiver.

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 Design Review approval 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.*

11-Z DCMR § 705.2.

Here, the requested extension will preserve the development of the Project's new housing, including affordable housing, which is also critical to serve as a catalyst for the future phases planned for the overall development of the Square and further development of the Buzzard Point area into a thriving mixed-use neighborhood. Granting the extension will allow the Applicant to continue working to secure financing in order to bring the Project forward.

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

As noted above, the Applicant requests a two (2)-year extension of the period to apply for a building permit for the Project such that the Order will remain valid through April 8, 2028. Since issuance of the Order, the Applicant has invested significant resources into moving the Project toward development, as discussed below, and has diligently pursued financing despite the significant adverse conditions affecting the market for commercial real estate development in the District. However, the Applicant requires additional time to secure financing to enable the Project's construction.

As discussed in detail below, the Applicant meets all of the standards for the requested time extension.

C. Service on Parties

As noted above, this request is being served on ANC 6D, which was the only party to the original Design Review application. The Applicant asks that the Commission not place this request on its meeting agenda until the 30-day period has lapsed.

D. No Substantial Change of Material Facts

There has been no substantial change in any material facts that would undermine the basis for the Commission's original approval of the Order. The Project remains consistent with the design and program approved by the Commission, as modified by the revisions proposed in this Application and discussed in detail above.

E. Good Cause Shown

Here, there is good cause to grant the requested extension, specifically, to allow the Applicant to continue pursuing financing to enable the Project's development while the development team continues to advance the design. As discussed above, the Applicant has invested substantial time and resources into moving the Project forward. Below is a summary of the Applicant's estimated expenditures toward the development team's work to advance the Project toward ultimate permit submission and construction:

Cost Category	Amount
Architectural (including MEP, ID and Structural)	\$2,864,550.21
Landscape	\$411,446.54
Legal: Transactional and Zoning	\$1,729,425.74
Civil Engineering	\$635,878.82
Other Consultants	\$349,212.67
Marketing	\$109,826.11
General and Administrative	\$165,980.61
Total Expenditures to Date	\$6,266,320.70

Despite this significant investment by the Applicant to move the Project forward, the ongoing challenges affecting commercial real estate development in the District — namely, sustained elevated construction costs and an exceedingly challenging financing market — have created difficulties in securing construction financing for the Project.

Accordingly, the Applicant requires additional time to secure such financing and preserve the development of the approved new housing units proposed by the Project and further activation of the Buzzard Point neighborhood. Accordingly, there is good cause for extension of the Design Review approval.

F. Good Cause for Waiver for Second Extension

Pursuant to Subtitle Z § 101.9, the Commission may, for good cause shown, waive the restriction under Subtitle Z § 705.4 permitting only one (1) time extension for a Design Review approval. Good cause exists for the requested waiver in this case to permit a second two (2)-year time extension. First, as discussed above, while the Applicant has continued to diligently pursue development of the Project, including working with the development team to progress the design and seeking financing to move forward with construction, the Project continues to be severely impacted by the adverse market conditions affecting commercial real estate development, including sustained elevated construction costs and ongoing challenges in the financing market for development in the District.

In addition, the initial extension granted for the Order was necessitated by the extensive work need in order for the Applicant to coordinate with DDOT regarding the review and construction of the significant infrastructure improvements that the Applicant will be implementing for the public street network surrounding the Property in coordination with the Project’s development. These efforts include raising the elevation of the street level several feet to be out of the 500-year floodplain. The Applicant continues to work diligently with DDOT to finalize and implement these proposed public realm improvements that the Applicant will execute to enable the Property to be redeveloped into a thriving mixed-use community, long envisioned by the District’s planning objectives for the Buzzard Point neighborhood. However, both the continued coordination needed to implement the proposed infrastructure improvements and the ongoing market challenges to obtaining financing for the Project necessitate a second two-(2) year

time extension. For all these reasons, there is good cause to grant the requested waiver pursuant to Subtitle Z § 101.9.

IV. Filing Requirements

The following exhibits are attached in support of the Application. The Applicant is delivering the filing fee for the Application to the Office of Zoning concurrent with this filing, as required.

<u>Exhibit A</u>	Signature Page and Authorization Letter
<u>Exhibit B</u>	Prior Orders
<u>Exhibit C</u>	Plans

V. Conclusion

For the foregoing reasons, the Applicant requests that the Commission grant the requested Modification Without Hearing and time extension, including the requested waiver to allow a second time extension for a Design Review approval. Please feel free to contact the undersigned if you have any questions or comments regarding this application. The Applicant looks forward to the Commission's consideration of the application at an upcoming public meeting.

Sincerely,

/s/ Jeff C. Utz _____
Jeff C. Utz

/s/ Lawrence Ferris _____
Lawrence Ferris

Enclosure

CERTIFICATE OF SERVICE

On April 8, 2026, I caused a copy of the foregoing letter and enclosure to be delivered by electronic mail to the following:

Matthew Jesick
Office of Planning
matthew.jesick@dc.gov

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/s/ Lawrence Ferris
Lawrence Ferris