Reservoir District

Parcels 1 & 3



APPLICATION TO THE DISTRICT OF COLUMBIA ZONING COMMISSION FOR
APPROVAL OF A MODIFICATION WITH HEARING TO A
CONSOLIDATED AND FIRST-STAGE
PLANNED UNIT DEVELOPMENT

October 16, 2026

DEVELOPMENT TEAM

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EXHIBITS

Description	**Exhibit**
Certified Surveyor's Plats of Parcel 1 and Parcel 3 of the Overall PUD Site	A
Assessment & Taxation Plats for Square 3128, Lot 803 ("**P1**") and Lot 812 ("**P3**," together with P1, the "**Properties**")	B
Map showing the Overall PUD Site and Properties and the zoning of surrounding properties	C
Z.C. Order No. 13-14(6)	D
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I. INTRODUCTION

TC McMillan West Owner LLC and TC McMillan South Owner LLC, d/b/a Trammell Crow Company (the "**Applicant**"), submit this application (the "**Application**") to the District of Columbia Zoning Commission (the "**ZC**" or "**Commission**") for approval of a Modification with Hearing to a Consolidated and First-Stage Planned Unit Development ("**PUD**") at Square 3128, Lot 803 ("**P1**") and Lot 812 ("**P3**," together with P1, each a "**Property**" and collectively the "**Properties**"), which comprise a portion of "Parcel 1"[1] and "Parcel 3"[2] (collectively, the "**Parcels**") of the Reservoir District (formerly known as the McMillan Reservoir Slow Sand Filtration Site Redevelopment). The Applicant is the owner and developer of the Properties. Certified Surveyor's plats of the Parcels are attached hereto as **Exhibit A**, and Assessment & Taxation ("**A&T**") plats of the Properties are attached hereto as **Exhibit B**.

This statement and the attached documents satisfy the filing requirements for an application for a modification of a PUD under Subtitle X, Chapter 3; Subtitle Z § 300; and Subtitle Z § 704 of the District of Columbia Zoning Regulations (the "**Zoning Regulations**").[3]

A. Property Location and Approved PUD

The Properties are located within the northern portion of a larger PUD and development site (the "**Overall PUD Site**") that encompasses the entire Reservoir District and contains approximately 24.69 acres of land area. The Overall PUD Site is bounded by North Capitol Street NW to the east, Michigan Avenue NW to the north, First Street NW to the west, and

[1] In addition to P1, "**Parcel 1**" also includes Lot 802, which is owned by the District of Columbia and contains one of the historic underground filtration cells (Cell 14) of the former McMillan Reservoir Slow Sand Filtration Site.
[2] In addition to P3, "**Parcel 3**" also includes Lots 811 and 813, which are owned by McMillan Master Association, Inc. (the project association required under the approved PUD that manages and programs the common areas throughout the PUD site). Lots 811 and 813 contain portions of the private streets that run along the east and west sides of P3.
[3] In accordance with Subtitle A § 102.4 of the Zoning Regulations, this application shall be subject to and evaluated under the 2016 Zoning Regulations ("**ZR16**"), notwithstanding that the original PUD was reviewed and approved

Channing Street NW to the south. Parcel 1 contains approximately 214,550 square feet of land area and is bounded by North Capitol Street to the east, Michigan Avenue NW to the north, First Street NW to the west, and North Service Court NW to the south. P1 contains approximately 177,314 square feet of land area and is located on Parcel 1. Parcel 3 contains approximately 33,340 square feet of land area and is bounded by Hazen Court NW to the east, North Service Court NW to the north, Olmsted Court to the west, and Gatehouse Court NW to the south. P3 contains approximately 23,361 square feet of land area and is located on Parcel 3. A map showing the Overall PUD Site, the Properties, and the zoning of surrounding properties is attached hereto as **Exhibit C**.

In ZC Order No. 13-14(6) (the "**Order**"), which was issued in 2018, the Commission approved a Consolidated and First-Stage PUD and related Zoning Map Amendment to the CR (now MU-10) zone for the redevelopment of the Overall PUD Site into a large mixed-use development containing medical office buildings, retail and service uses, multifamily residential buildings, rowhouses, a community center, and a park (the "**Approved PUD**"). A copy of the Order is attached as **Exhibit D**. The Order granted Consolidated PUD approval for a 113-foot mixed-use healthcare/retail building on P1 (the "**Parcel 1 Building**") with approximately 875,000 square feet of gross floor area ("**GFA**"), including approximately 15,000 square feet of retail space, for a maximum floor area ratio ("**FAR**") of approximately 4.08 and a maximum lot occupancy of approximately 55%.[4] As approved, the Parcel 1 Building contains approximately 1,900 vehicle and 200 bike parking spaces. The Order also granted First-Stage PUD approval for

under the 1958 Zoning Regulations ("**ZR58**"). All references to the Zoning Regulations herein shall be to ZR16 unless otherwise stated, and the terms may be used interchangeably.

a 110-foot mixed-use healthcare/retail building on P3 (the "**Parcel 3 Building**," together with the Parcel 1 Building, each a "**Building**" and collectively the "**Buildings**"), with approximately 173,000 square feet of GFA, including approximately 3,000 square feet of retail space, for a maximum FAR of approximately 5.22.[5] Excluding the GFA for retail uses, the Buildings as approved would contain a combined 1,030,000 square feet devoted to healthcare uses. As of the date of this Application, the Applicant has not started construction on either Building.[6]

B. Procedural History of the Order

Although the Properties' development parameters prescribed by the Order have been succinctly summarized above, the process leading to and following the issuance thereof was circuitous, complicated, and contentious. In 2007, the District selected Vision McMillan Partners ("**VMP**")[7] as the master developer of the Overall PUD Site. In 2013, VMP submitted ZC Case No. 13-14: an application for a Consolidated and First-Stage PUD for the redevelopment of the Overall PUD Site. In 2014, the Commission held the first public hearings to consider VMP's application, ultimately voting to approve the requested PUD. In 2015, the Commission issued ZC Order No. 13-14(1) (the "**Original Order**"). That same year, the Mayor's Agent for Historic Preservation (the "**Mayor's Agent**") issued HPA Order No. 14-393, approving the demolition of almost all of the underground sand filtration cells located on the Overall PUD Site, with Cell 14

[4] According to tabulations in the approved PUD record, the effective land area of Parcel 1, after removing street areas and Cell 14, is approximately 158,547 square feet, resulting in an effective FAR of 5.52 and an effective lot occupancy of approximately 74%.
[5] According to tabulations in the approved PUD record, the effective land area of Parcel 3, after removing street areas, is approximately 22,568 square feet, resulting in an effective FAR of 7.66 and an effective lot occupancy of approximately 91%.
[6] Pursuant to Condition E.2 of the Order, the validity of the Consolidated PUD for Parcel 1 was vested with the permitting and construction of the community center on Parcel 6, which is also part of Phase 1 of the Overall PUD. Furthermore, pursuant to Condition E.3 of the Order, the First-Stage PUD for Parcel 3 was vested with the submission and approval of the Second-Stage PUD application for Parcel 2, which is also part of Phase 2 of the Overall PUD.
[7] VMP is a joint development team consisting of the Applicant, EYA, and Jair Lynch Real Estate Partners.

(on Parcel 1) and a portion of Cell 28 to be preserved. Also in 2015, the Mayor's Agent issued HPA Order No. 15-133 (together with HPA Order No. 14-393, the "**HPA Orders**"), approving the subdivision of the Overall PUD Site.

The Original Order and the HPA Orders were appealed to the DC Court of Appeals ("**DCCA**"), and in 2016, the DCCA vacated all three orders and remanded them to the Commission and the Mayor's Agent. Both the Commission and the Mayor's Agent held extensive remand hearings in 2017, each voting once again to approve the redevelopment and issuing subsequent orders. The Commission issued the Order in 2018, the same year the first buildings on the Overall PUD Site were originally anticipated to be completed.

The Order was also appealed to the DCCA, which affirmed the Order in 2019. That same year, an anchor healthcare tenant executed a lease for a substantial portion of the Parcel 1 Building. During the same period, the DC Superior Court and the DC Office of Administrative Hearings ("**OAH**") heard multiple complaints challenging the demolition permits. The cumulative effect of this protracted and overlapping litigation—spanning multiple appeals, remand proceedings, and successive orders—introduced substantial uncertainty into the redevelopment effort and effectively stalled construction activity until 2021, when the last outstanding legal challenge was resolved. In 2022, the Applicant acquired fee title to the Properties; unfortunately, the Parcel 1 Building's anchor healthcare tenant terminated its lease just a couple months later.

II. THE PROPOSED PUD MODIFICATIONS AND FLEXIBILITY

Since the Order was issued, structural shifts in the District's real estate and healthcare markets have made the Approved PUD's existing use and design parameters for the Properties

impossible to execute as approved. As discussed in detail below, the Application seeks Commission approval of **modifications** to:

(1) Allow a broader range of principal uses on both Properties, and

(2) Allow modifications to the site plan, form, and overall architectural design of development on P1 (including to the design of the Parcel 1 Building, if ultimately developed) that are necessary in response to any changes in principal use.

The Application also seeks **flexibility** to:

(1) Reduce the size (height and density) of the Parcel 1 Building based on changes to the principal use,

(2) Adjust the exterior elements and materials of the Parcel 1 Building,

(3) Clarify the use categories that satisfy the current minimum ground floor retail requirements on the Properties,

(4) Reduce the amount of parking and loading provided on both Properties, in response to changes in the building program, to no less than the minimum amounts required under ZR16, and

(5) Update the construction phasing and deadlines for filing a building permit application for P1, and filing a Second-Stage PUD application for P3.

Even with the requested modifications and expanded flexibility, the PUD will remain consistent with the overall principles of the master plan and design guidelines for the Overall PUD Site, while continuing to provide all the previously agreed-upon public benefits.

A unique combination of adverse market conditions, elevated construction and borrowing costs, severely diminished healthcare market demand following the COVID-19 pandemic, and persistent concerns over the protracted entitlement history of the Overall PUD Site have left

potential users and tenants unwilling to pursue any development on the Properties. Meanwhile, the Applicant remains bound to a set of plans for the Parcel 1 Building that have almost no realistic path to construction, with no way to assure potential users or tenants that a proposed non-healthcare use and/or new building design would be approved, much less safe from appeal.

The Applicant has had extensive discussions with the District regarding potential entitlement options that might facilitate development on these two parcels, including extinguishing the PUD on Parcels 1 and 3 and pursuing a Zoning Map amendment to create a special purpose zone allowing matter-of-right development, similar to what was done after the former Barry Farm PUD[8] and Columbian Quarter (Bridge District) PUD[9] were extinguished. Ultimately, the Applicant and the District agreed that extracting Parcels 1 and 3 from the Approved PUD would be extremely complicated given how intertwined they are with the other parcels of the Approved PUD that are complete or under construction. More importantly, the Applicant and the District also agreed that maintaining the PUD on Parcels 1 and 3 was important to preserve the community's continued involvement in the redevelopment of the Overall PUD Site and to ensure delivery of all public benefits required under the Order. Due to this unique set of circumstances and considerations, the best path forward to balance the flexibility necessary to move the PUD forward with the certainty needed to ensure the continued community participation and public benefits was to modify the Approved PUD to incorporate the expanded uses and design flexibility necessary to meet market demand, secure a user, obtain financing, develop the Properties, and complete the PUD.

[8] Z.C. Case No. 14-02.
[9] Z.C. Case No. 16-29.

Of note, the Application does **not** request any increases to the approved height or density of the Approved PUD, any changes to the PUD-related zoning, or any reduction in the public benefits associated with the Approved PUD. Rather, the Applicant is requesting the ability to voluntarily reduce height and density on P1 and P3 and change the program to uses less intensive than the approved healthcare use, while maintaining or improving upon the current set of public benefits required under the Order. Put differently, the Applicant is reducing the development incentives and impacts without any corresponding reduction in public benefits.

A. Use Modification (P1 and P3)

Major structural changes in the commercial real estate and healthcare industries since the Commission first approved the Overall PUD in 2014 have made it necessary for the Applicant to request an expansion of the range of permitted uses on P1 and P3 (the "**Use Modification**"). As approved, development on P1 and P3 is limited to just over a million square feet of medical office uses. Since then, significant and likely permanent shifts across every real estate sector have dramatically slowed the rate of development across the District.[10] These shifts include rising construction costs (up 45% since the pandemic), interest rates (more than double since the pandemic), regional job and population loss, persistent tightening of both debt and equity financing for real estate development in the District due to political and regulatory uncertainty, and continued concern over unpredictable discretionary review processes and protracted appeals. During the same period, the healthcare sector has also undergone major shifts in delivery models, accelerated by the COVID-19 pandemic and the rise of telemedicine: smaller, decentralized

[10] In the District, office construction activity is at a thirty-year low, and multifamily completions are projected to reach a seven-year low this year. Nationally, medical outpatient building completions have fallen to just 25% of their five-year quarterly average. CB Richard Ellis ("**CBRE**"), Washington, D.C. Office Figures, Q2 2026; CBRE,

healthcare facilities closer to target patient populations, reduced footprints for routine care, reliance on multipurpose clinical spaces, and integrated telehealth suites.

Despite the Applicant's significant investment and marketing efforts, no healthcare user or tenant has emerged to occupy all or a sufficient portion of either Building for the Applicant to confidently proceed with construction of the Parcel 1 Building or pursue Second-Stage PUD approval for the Parcel 3 Building. The Applicant has also had discussions with other potential users to gauge general market interest in either Property. Overall, these discussions have uncovered minimal interest from other users, and even interested parties are unwilling to invest the time and resources necessary to develop plans given the real and perceived uncertainty of the PUD process, particularly for the Overall PUD Site.

As a result, the Applicant requests modification of the Approved PUD to broaden the range of principal uses permitted on P1 and P3 to include the following use categories, as defined in Subtitle B § 200 of the 2016 Zoning Regulations:

- Medical Care;
- Education, College and University;
- Office;
- Institutional, General;
- Entertainment, Assembly, and Performing Arts;
- Lodging; and
- Residential (except for single-family dwellings and flats).

The modification would allow a change to a single new principal use or to a mix of principal uses, including multiple nonresidential uses (e.g., medical and education) or a mix of residential and nonresidential uses (e.g., an apartment building and a hotel).

U.S. Medical Outpatient Building Figures, Q1 2026; CBRE, 2026 U.S. Real Estate Market Outlook: Washington, D.C. (Jan. 2026).

B. Design Modification (P1)

The Applicant's ability to fulfill its obligations under the Approved PUD depends just as much on modifying the design of the Parcel 1 Building as it does on modifying its permitted uses. At the time of the original PUD, the Applicant was working with an anchor healthcare tenant that had made non-binding commitments to occupy a substantial portion of the Parcel 1 Building. As was thoroughly discussed during the Approved PUD's remand hearings, the approved Parcel 1 Building design had to accommodate the anchor healthcare tenant's many highly specialized mechanical, electrical, and plumbing ("**MEP**") and medical equipment requirements, including very deep floor plates and higher-than-normal floor-to-floor heights. Unfortunately, as previously noted, the anchor healthcare tenant terminated its lease in 2022, leaving the Applicant stuck with a building design highly tailored to a set of tenant- and use-specific requirements that no longer apply. That design offers little flexibility to adapt the Approved Plans to accommodate other medical care uses, let alone other nonresidential or residential uses. As such, while the Applicant is not abandoning the current Parcel 1 Building design in case an interested healthcare user emerges, P1 will more likely need to be substantially modified or redesigned to fit a new principal use and development program.

The Applicant accordingly proposes a two-tiered approach to the P1 design modification, balancing the need to minimize risk and delay to prospective users, the District's interest in maintaining the PUD, and the community's continued opportunity to participate in the development of the Overall PUD Site.

- Under Tier 1, the Applicant retains the Approved Plans, with flexibility to modify the approved Parcel 1 Building design within broad parameters and without further review by the Commission ("**Tier 1 Design Modification**").

- Under Tier 2, the Applicant changes the design of the Parcel 1 Building to accommodate the new development program, within the parameters and constraints of the master plan and design guidelines for the Overall PUD Site (the "**Sitewide Master Plan and Design Guidelines**"), attached as **Exhibit E**, as determined through a Zoning Administrator ("**ZA**")-led referral process at time of permit ("**Tier 2 Design Modification**").

Regardless of tier, neither design modification would increase the maximum density (875,000 GFA), building height (113 feet), or lot occupancy (55%) currently permitted on Parcel 1. Indeed, given the structural changes that have occurred in every real estate sector since the PUD was approved, development on Parcel 1 is likely to be less intense than as currently approved, while still delivering the same level of public benefits required under the Order. Without the requested modifications and flexibility, development on the Properties is unlikely to occur at all.

1. Tier 1 Design Modification

The Tier 1 Design Modification is intended for a future healthcare user and/or other non-residential principal user whose building program generally aligns with the current approved plans for the Parcel 1 Building but requires less density and height or adjustments to footprint, façade articulation, and/or materials. The general overall site plan and form of the Parcel 1 Building would remain largely consistent with the plans approved under the Order (two "L-shaped" towers above an elevated plinth, bifurcated by Half Street), as reflected in the Parcel 1 Tier 1 Modification Plans attached hereto as **Exhibit F**. Modifications would be limited to the flexibility requested herein: adjustments to the footprint of the "L-shaped" towers, reductions in height and density, changes to façade and paving materials, changes to open space and

circulation design, and proportionate, zoning-compliant adjustments to parking and loading. As with any other approved PUD granted flexibility, the ZA would determine conformance with the approved plans and flexibility at time of permit.

The Tier 1 Design Modification does not affect the Applicant's separate obligation to obtain final Historic Preservation Review Board ("**HPRB**") design approval for any modifications to the Parcel 1 Building design. As part of its review, HPRB will also ensure that any proposed Parcel 1 Building design is consistent with the concept design it approved in September 2020 and with the Sitewide Master Plan and Design Guidelines, which provide guidance on context-sensitive building geometries; architectural design; façade materials, color palette, and fenestration; and storefront and landscape design. Furthermore, pursuant to its enabling authority under the Historic Landmark and Historic District Protection Act of 1978[11], HPRB will ensure that the design achieves a level of architectural quality compatible with the McMillan Reservoir Site historic district and landmark. Because HPRB's final design approval will occur before permit submission, the Commission can be assured that the ultimate design of the Parcel 1 Building under the proposed Tier 1 Design Modification will remain consistent with the Sitewide Master Plan and Design Guidelines, and architecturally superior to any matter-of-right development.

2. Tier 2 Design Modification

The Tier 2 Design Modification is intended for future non-residential and/or residential principal users that require either significant changes to the site plan and form of the Parcel 1 Building, or, more likely, a complete redesign. Development on Parcel 1 under this scenario — which may include one or more separate buildings — would continue to conform to the Sitewide

Master Plan and Design Guidelines that respond to site-specific considerations from the original PUD. These include site circulation (including Olmsted Walk); the overall amount of open space; retail activation along North Service Court; setbacks and view corridors along North Capitol Street, First Street, Half Street (Olmsted Court), and North Service Court; and north-south visual connectivity through the Overall PUD Site. To assist the Commission's review of the Tier 2 Design Modification, the Applicant has prepared the Parcel 1 Tier 2 Modification Plans, attached hereto as **Exhibit G**[12], representing the types of building footprints and forms that could be constructed on Parcel 1, informed by the range of use categories proposed in the requested Use Modification and the Sitewide Master Plan and Design Guidelines.

The Tier 2 Design Modification grants flexibility only with respect to the Zoning Commission's review and approval of plans. As with Tier 1, HPRB retains its ordinary authority to review and approve any material changes to the approved design, ensuring that the final building form, materials, and articulation comply with the Sitewide Master Plan and Design Guidelines. Indeed, if Parcel 1 is substantially redesigned under Tier 2, the Applicant would likely need to complete both concept and final HPRB review. Given HPRB's role and responsibility, as well as the detailed Parcel 1 Tier 2 Modification Plans that preserve key site plan and zoning parameters, a second Commission "design review" is unnecessary given the unique circumstances of this particular PUD. Relying on HPRB's design review is not unprecedented: the Commission has regularly acknowledged HPRB's design review for individual PUDs and, in recent rezoning proceedings, has declined to require separate design

[11] D.C. Law 2-144, D.C. Official Code §§ 6-1101 et seq.

[12] The Parcel 1 Tier 2 Modification Plans are not proposed plans, nor do they provide an exhaustive set of all possible building footprints and forms that may be constructed on Parcel 1. Rather, they merely provide a

review for sites already subject to HPRB review. Moreover, HPRB review provides an opportunity for ANC and community stakeholder input on the revised design.

Because the scope of design modification under Tier 2 is broader than under a conventional PUD, the Applicant also proposes a secondary, zoning-focused review — notwithstanding HPRB's design review — to ensure that the PUD's core components are maintained. This ZA-initiated referral process, informed by existing referral mechanisms in the Zoning Regulations[13], was developed in response to feedback the Applicant received during its engagement with the DMPED, OP, and the community. Under this process:

- Following HPRB review of the revised concept, the Applicant will submit evidence to the ZA that: (1) the revised plans have obtained final concept approval from HPRB; (2) the revised concept was presented to the affected ANCs and the McMillan Advisory Group ("**MAG**") in connection with such HPRB review; and (3) the revised concept conforms to the approved Sitewide Master Plan and Design Guidelines.
- The ZA will then refer the submission to the Commission for a 45-day review period under Subtitle A, Section 304.7, during which the Commission shall have the opportunity to review the submission for compliance with the Modified PUD. If the Commission concludes that the revised concept exceeds the parameters of the Modified PUD, it will notify the ZA and the Applicant that the Modified PUD must be resubmitted to the Commission for further modification proceedings (with or without hearing).

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representative sampling of building footprints and forms that are typical of the types of uses that are being pursued as part of the proposed Use Modification.

[13] *See* 11-A DCMR § 304.7, 11-C DCMR § 1003.9(d), 11-C DCMR § 1311.1, and 11-I DCMR § 600.6.

- To assist the Commission's review, the Applicant also proposes that the ZA provide a copy of the revised concept submission to OP, which would then provide the Commission with a report outlining whether the revised concept conforms to the approved Sitewide Master Plan and Design Guidelines.

This proposed review process falls within an existing framework already established for PUD modifications. Given the exceptional history and unique circumstances of this particular PUD, the Applicant believes the breadth of the requested design flexibility is appropriate.

C. Use and Design Flexibility (P1 and P3)

In addition to the proposed use and design modifications, the Application requests the following areas of flexibility, which are necessary to allow the Applicant to adapt development on P1 and P3 to constantly evolving market conditions and demands.

P1 – Density: As currently approved, the Parcel 1 Building has a maximum density of 875,000 square feet of GFA, of which a minimum of 15,000 square feet must be devoted to retail use. The Applicant's confidence in pursuing this amount of healthcare-related density in 2014 was driven by the site's proximity to Children's National Medical Center, Washington Hospital Center, the Veterans Administration campus, the Armed Forces Retirement Home, Howard University Hospital, and Howard University Medical School—arguably the city's most significant concentration of healthcare- and medical-related institutions. As discussed above, the way medical care is delivered to patients has changed dramatically since 2014, including the shift toward smaller, dispersed healthcare facilities and the growth of telemedicine. As such, it is unlikely that demand will ever return for the amount of healthcare use currently approved for P1. Indeed, any user interested in P1 would likely seek less density than approved, consistent with the trend toward smaller healthcare footprints and similar downturns across nearly every other

real estate sector, including office and residential. **The Applicant therefore requests flexibility to modify the density permitted on P1 to a range of 160,000–875,000 square feet of GFA**.

P1 – Height: Pursuant to the Order, the Commission approved a maximum height of 113 feet for P1, slightly exceeding the 110-foot maximum otherwise permitted for a CR-zoned PUD[14]. The Commission granted the additional three feet to accommodate the specialized MEP requirements of the healthcare uses planned for the Parcel 1 Building[15] — requirements that are unnecessary for non-medical care uses. **The Applicant therefore requests flexibility to allow a maximum height of 113 feet on P1 only for principal uses within the Medical Care use category, and a maximum height of 110 feet for any other principal use.** These are maximum permitted heights; given the density flexibility requested above, the final development program and density could also result in lower heights.

P1 – Penthouse Height and Use: The Parcel 1 Building currently has a maximum penthouse height of 18'-6", devoted solely to mechanical space, because the Approved PUD predates the 2016 amendments to the penthouse regulations. Those amendments allow penthouses to contain habitable space for any use permitted in the zone and, for the MU-10 zone, increase the maximum permitted height to 20 feet (one story plus mezzanine for habitable space, and a second story for mechanical space). **The Applicant requests flexibility to allow penthouse habitable space on P1 for any use permitted within the MU-10 zone, with a maximum height of 20 feet (one story plus mezzanine for habitable space, and a second story for mechanical space).**

[14] The CR zone is now known as the MU-10 zone under ZR16.
[15] The Commission granted this additional height under its authority to allow up to 5% additional height for a PUD provided the additional height is "essential to the successful functioning of the project."

P1 and P3 – Ground Floor Uses: In response to the community's strong desire to maximize retail and other neighborhood-serving uses on the Overall PUD Site, the Applicant will maintain the minimum amount of retail space required on the Properties under the Order (15,000 square feet on P1 and 3,000 square feet on P3). Consistent with practice for PUDs under the 2016 Zoning Regulations, **the Applicant clarifies that this space will be set aside for the following use categories permitted as a matter-of-right in the MU-10 zone, all of which correspond to "retail" use under the 1958 Zoning Regulations: Retail[16]; Services, General[17]; Services, Financial[18]; Eating and Drinking Establishments[19]; Daytime Care[20]; Entertainment, Assembly, and Performing Arts[21]; Arts, Design, and Creation[22]; and Animal Sales, Care, and Boarding[23].**

P1 – Vehicle Parking and Loading: As approved under the Order, the Parcel 1 Building contains 1,900 vehicle parking spaces, with loading facilities tailored to an 860,000-square-foot healthcare facility. Because development on P1 will likely be less intense and/or have a less dense development program, the Applicant expects that proportionately fewer parking spaces and smaller loading facilities will be needed, and that the parking and loading plans will need to be adjusted to match the proposed building program. **The Applicant therefore requests flexibility to reduce the total number of vehicle parking spaces on P1, provided the number is not less than the minimum required under Subtitle C § 701 of ZR16 for the resulting building size and use. The Applicant also requests flexibility to vary the layout, number,**

[16] 11-B DCMR § 200.2(bb).
[17] 11-B DCMR § 200.2(cc).
[18] 11-B DCMR § 200.2(dd).
[19] 11-B DCMR § 200.2(i).
[20] 11-B DCMR § 200.2(h).
[21] 11-B DCMR § 200.2(m).
[22] 11-B DCMR § 200.2(e).

and size of the loading facilities on P1, provided they satisfy the minimum requirements under Subtitle C, Chapter 9. These adjustments will allow the Applicant to calibrate parking and loading to the final development program. In all cases, the Applicant will maintain parking and loading in compliance with the minimum requirements of Subtitle C, Chapters 7 and 9 of the Zoning Regulations, and will not increase the amount of vehicle parking on P1 above what is currently allowed under the Order.

III. THE PROJECT SATISFIES THE EVALUATION CRITERIA

The Commission previously reviewed and approved the First-Stage and Consolidated PUD in accordance with the applicable requirements. Through thorough and extensive proceedings, the Commission judged, balanced, and reconciled the relative value of the public benefits and project amenities offered, the degree of development incentives requested, and any potential adverse effects, and ultimately concluded that the Approved PUD:

- Is not inconsistent with the District of Columbia Comprehensive Plan (the "**Comp Plan**") as well as other adopted public policies and active programs related to the subject site;
- Does not result in unacceptable project impacts on the surrounding area or on the operation of city services and facilities but instead shall be found to be either favorable, capable of being mitigated, or acceptable given the quality of public benefits; and
- Includes specific public benefits and project amenities that satisfy the relevant requirements and are not inconsistent with the Comprehensive Plan or with other adopted public policies and active programs related to the subject site.[24]

The Approved PUD will continue to satisfy the criteria by which the Commission must evaluate a PUD under Subtitle X § 304. Pursuant to Subtitle Z § 704.4, the Commission's review of a modification is "limited to the impact of the modification on the subject of the original

[23] 11-B DCMR § 200.2(c).

application," and the Commission is not intended to "revisit its original decision" in a PUD modification.[25] In reviewing a Modification with Hearing of an approved PUD, the Commission must therefore find only that the modification itself is not inconsistent with the evaluation standards set forth above. Any reconsideration of the Commission's prior conclusions on the balancing of benefits and development incentives, project impacts, and consistency with the Comp Plan must accordingly be limited solely to the impact of the Project on the Approved PUD's continued compliance with the evaluation standards. As demonstrated below, the Project fully satisfies the evaluation criteria and supports granting the requested modifications.

A. Not Inconsistent with the Comprehensive Plan

The Applicant has conducted a thorough evaluation of the proposed PUD modification for consistency with the Comp Plan. Based on that evaluation, the Applicant finds the Application to be not inconsistent with the Comp Plan when read as a whole through a racial equity lens. The Comp Plan guides the District's development, both broadly and in detail, through maps and policies addressing the physical development of the District. 10-A DCMR § 103.2. It also addresses social and economic issues that affect, and are linked to, the physical development of the city and the well-being of its citizens.

The Commission's initial review of the Approved PUD occurred while the 2006 Comp Plan was in effect. Under the Order, the Commission concluded that the Approved PUD was not inconsistent with the Comp Plan and with other adopted public policies and active programs

[24] 11-X DCMR §§ 304.3, 304.4, and 305.
[25] Pursuant to 11-Z DCMR § 704.4, the scope of a hearing for a "Modification with Hearing" "shall be limited to impact of the modification on the subject of the original application, and shall not permit the Commission to revisit its original decision."

related to the subject site. Order at Conclusions of Law 7. In reaching that conclusion, the Commission:

> "evaluated the specific public benefits and Project amenities of the proposed development in the context of the Comprehensive Plan and found that these benefits and amenities, including, but not limited to, the additional market-rate and affordable housing; the provision of substantial open space, recreation, and parks in the site; the restoration of key above-ground historic elements; the retention of Cell 14 and the partial retention of Cell 28; the permanent and full-time jobs created; the provision of significant neighborhood-serving retail; the establishment of at least 860,000 square feet of healthcare uses; and the $5,000,000 worth of community benefits advance the related Comprehensive Plan policies to a degree that few, if any, planned unit developments have achieved."[26]

In 2021, the D.C. Council adopted amendments to the Comp Plan (the "**2021 Comp Plan**").[27] The 2021 Comp Plan amended the Future Land Use Map ("**FLUM**"), the Generalized Policy Map ("**GPM**"), and the Citywide and Area Element policies, including amendments pertaining to the Overall PUD Site. Equity, and racial equity in particular, is a primary focus of the 2021 Comp Plan, especially in the zoning context, where priorities such as affordable housing, avoiding displacement of existing residents, and creating and increasing access to opportunity stand out. The Framework Element states that equity is both an <u>outcome and a process</u>, existing where all people share equal rights, access, choice, opportunities, and outcomes regardless of characteristics such as race, class, or gender.[28] The Comp Plan emphasizes that considerations of equity must be part of a District agency's evaluation and implementation of Comp Plan policies and actions.[29]

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[26] Order at Conclusions of Law 8.
[27] D.C. Law L23-0217 (Comprehensive Plan Amendment Act of 2017) and D.C. Law 24-0020 (Comprehensive Plan Amendment Act of 2020), including the Generalized Policy Map ("**GPM**") and Future Land Use Map ("**FLUM**") (D.C. Resolution R24-0292).
[28] 10-A DCMR § 213.6.
[29] 10-A DCMR § 2501.8.

To assist the Commission in applying a racial equity lens to its Comp Plan determinations, the Commission developed a Racial Equity Tool (published on February 3, 2023) that applicants are expected to utilize throughout the process of a proposed zoning action. The Racial Equity Tool emphasizes community outreach and is intended to facilitate proactive, meaningful engagement with the community in order to: (i) gain insight on negative conditions that may exist in the community, particularly those resulting from past and present discrimination, (ii) develop an understanding of community priorities, and (iii) solicit input on the potential positive and negative outcomes of the proposed zoning action. The Applicant's Comp Plan evaluation was guided by the Commission's Racial Equity Tool.

1. Evaluation of Comprehensive Plan Policy Guidance

Per **Part I (Racial Equity Analysis Submissions (Guidance regarding the Comprehensive Plan))** of the Racial Equity Tool, the Applicant conducted a detailed evaluation of the Application's consistency with 2021 Comp Plan policies. The Applicant's full evaluation is attached as **Exhibit I**. Consistent with the limited scope of the Commission's review of a PUD modification, the attached Comp Plan evaluation addresses only the consistency of the modifications proposed for P1 and P3 and, where relevant, how those modifications impact (positively or negatively) the Commission's prior Comp Plan determination for the Overall PUD Site made under the Order. Overall, the Applicant finds the proposed PUD modification to be not inconsistent with the Comp Plan, and that the overall Approved PUD will remain not inconsistent with the Comp Plan when read as a whole. Indeed, compared to what is currently approved for P1 and P3, the proposed PUD modification has the potential to further advance several policies within the Mid-City, Land Use, Housing, Economic Development, and Urban Design Elements of the Comp Plan. Upon thorough evaluation, the Applicant did not identify any instance in which the

proposed PUD modification is categorically inconsistent with an applicable Comp Plan policy. As discussed in greater detail in **Exhibit I**, although the Application requests an uncharacteristically broad set of modifications and flexibility, the Applicant has thoroughly addressed uncertainty related to potential Comp Plan policy inconsistencies through continued adherence to the Sitewide Master Plan and Design Guidelines, use-specific transportation demand management ("**TDM**") strategies, and continued oversight and review requirements to be set forth as conditions in the Commission's final order.

2. Racial Equity as a Process

The Framework Element states that racial equity is a process, and that as the District grows and changes, it must do so in a way that builds the capacity of vulnerable, marginalized, and low-income communities to participate fully and substantively in decision-making processes.[30] As a process, a racial equity lens is employed when those most impacted by structural racism are meaningfully involved in creating and implementing the policies and practices that shape their lives. The Commission's Racial Equity Tool accordingly emphasizes community outreach and engagement beginning at the inception of any proposed zoning action and requires that all submissions to the Commission be accompanied by a discussion of the applicant's efforts to engage the community early in the zoning process. The table below addresses the questions set forth in **Part II (Community Outreach and Engagement)** of the Racial Equity Tool. As demonstrated below, the Applicant has engaged extensively with the community and will continue to do so throughout the PUD modification process.

[30] 10-A DCMR § 213.7.

Table 4: Community Outreach and Engagement
Description of affected community (including defining characteristics).
The Applicant has engaged with the affected Advisory Neighborhood Commissions ("**ANC**"), which in this case includes ANC 5E and ANC 1E, as well as the McMillan Advisory Group ("**MAG**") on the proposed PUD modification (https://mcmillanadvisorygroup.wordpress.com/). The MAG has a long history with the Overall PUD Site, having been formed in 2006 by the former National Capital Revitalization Corporation ("**NCRC**") to serve as a forum to represent residents' and the community's concerns regarding the development of the McMillan Sand Filtration Site. Although NCRC has been dissolved, the MAG has continued to function with the support of the District and VMP, the applicant in the original PUD proceeding. The MAG meets monthly, and its voting members include representatives from ANC 5E, ANC 1E, and several nearby civic associations, as well as members of the public in surrounding neighborhoods (https://mcmillanadvisorygroup.wordpress.com/about/voting-members/). The Applicant has also directly engaged with the Bloomingdale Civic Association ("**BCA**") and with the townhome owners now living on Parcel 5 of the Overall PUD Site through representatives of the townhome homeowner's association.
Characteristics of the affected community that influenced outreach plan / efforts.
The Applicant's primary outreach has been through the ANCs and the MAG, as well as through direct communication with representatives from these entities and the BCA. The MAG has been, and continues to be, an active, well-represented participant in the entitlement and development processes for the Overall PUD Site. As such, the Applicant has relied heavily on the MAG's reach into the community, as well as that of ANC 5E, to gain an understanding of the community's thoughts and concerns regarding the McMillan project, and specifically the proposed PUD modification.
Community outreach timeframe / dates of major meetings and points of engagement
The Applicant initiated its outreach to the community in April 2026. To date, the Applicant provided an initial presentation on the proposed PUD modification to the ANC 1E Zoning and Economic Development Committee on June 10, 2026, and to ANC 5E on June 16, 2026. Additionally, the Applicant provided presentations to the Bloomingdale Civic Association and the MAG on May 18, 2026, and May 21, 2026, respectively. In addition to these regularly scheduled public meetings, the Applicant has met and corresponded with representatives of these organizations, as well as individual members of the surrounding neighborhood, on multiple occasions.

Members of the affected community that would potentially benefit from the proposed zoning action.
Members of the affected community that would potentially benefit from the proposed PUD modification include residents within ANC 5E, ANC 1E, BCA, and other nearby civic associations that would have access to a fully redeveloped PUD Site. The potential benefit to the affected community that could come from the proposed PUD modification is wide ranging depending upon what ultimately gets constructed on the Properties. Given the dramatic shifts that have occurred in the way healthcare is delivered to patients, it is more likely than not that multiple uses get established on the Properties, and P1 in particular, rather than just the healthcare use that is currently approved. The potential for multiple uses expands the benefit to the affected community since these other uses could bring new housing and affordable housing, as well as new jobs with office and institutional uses. Additional neighborhood amenities could also result from new retail, service, and entertainment uses.
Members of the affected community that would potentially be burdened by the proposed zoning action.
Members of the affected community that may be burdened by the proposed PUD modification include residents located within proximity to the PUD Site who could be temporarily impacted by construction and associated truck traffic and noise once redevelopment of the Properties begins. Future development will inevitably result in additional traffic that could be a burden on neighbors. However, the impacts of additional traffic potential are currently being analyzed in the Applicant's transportation evaluation, which will include use-specific TDM strategies that will reduce vehicle trips and mitigate transportation impacts. Importantly, the transportation impacts of the range of uses being requested by the Applicant are not expected to exceed the impacts of the healthcare facility uses already approved on the Properties.
Potential positive outcomes of the proposed zoning action identified by the affected community.
Based on input received thus far, members of the affected community have expressed support for the potential for less density to be constructed on the north end of the Overall PUD Site **while still maintaining all of the currently approved public benefits** of the PUD. There was also support expressed for the potential for additional housing and affordable housing, and for smaller neighborhood serving medical use such as a clinic. A representative of ANC 5E expressed support for the required retail space on the Properties to be devoted to smaller, local retailers. Finally, a member of the ANC 1E Zoning and Economic Development ("ZED") Committee expressed support for flexibility that would help facilitate development on the Properties such that the scholarship and workforce training monetary contributions required under the PUD order can begin to be utilized by the community.

Potential negative outcomes of the proposed zoning action identified by the affected community.
To date, members of the affected community have expressed concerns over the potential impacts of the Applicant's request to allow entertainment uses and certain retail uses on the Properties, namely a nightclub, cannabis dispensary, and liquor store. As noted below, the Applicant has agreed to a restriction on these uses and expressed interest in further discussions with the community on other specific uses that may be favored or disfavored by the community. Members of the affected community have also expressed disappointment that the Properties have remained undeveloped for so long and questioned why it has taken so long for the Applicant to pursue the requested PUD modification. One member of the ANC 1E ZED Committee expressed reluctance over the lack of specificity of the requested PUD modification. Members of ANC 5E expressed concern over the potential that the Properties will be underdeveloped as a result of the Applicant's request to allow less height and density to be constructed. One member stated their "overwhelming desire to see density and height on the site." To that end, members of ANC 5E inquired whether there was potential to strengthen the development minimums that are proposed in the PUD modification. During its community engagement thus far, the Applicant has also received concerns regarding standing water and the potential for mosquitoes and the degradation of the existing support of excavation ("SOE") system in Parcel 1. In response to these comments, the Applicant is actively working to address the standing water issue by treating the standing water with mosquito larvicide and installing a professional aeration system. The Applicant will maintain these measures until Parcel 1 can be redeveloped and proper stormwater management infrastructure can be constructed on the site. Regarding the SOE system in Parcel 1, the Applicant was already aware of this issue and is currently constructing repairs to same, which are expected to be completed by October 2026.
Changes / modifications made to the proposed zoning action that incorporate / respond to input received from the affected community.
To date, in response to comments received from the affected community the Applicant has: (i) committed to not reduce the minimum amount of retail space that is currently required on P1 (min. 15,000 square feet) and P3 (min. 3,000 square feet) under the Overall Approved PUD; (ii) agreed to a minimum development program of 160,000 square feet on P1; and (iii) agreed to prohibit a nightclub, cannabis dispensary, and liquor store on the Properties.

Input received from the affected community not incorporated into the proposed zoning action.
None thus far.
Efforts taken to mitigate potential negative outcomes identified by the affected community.
To date, the Applicant has agreed to include a nightclub, cannabis dispensary, and liquor store on a list of uses that would be prohibited on the Properties and has expressed an interest in having further discussions with the affected community regarding other uses that the community either favors or disfavors. Additionally, in response to concerns expressed over traffic and parking, the Applicant confirmed that it would not be pursuing any increases in the amount of parking that would be provided on the Properties.

3. Racial Equity as an Outcome

The Framework Element states that "equity is achieved by targeted actions and investments to meet residents where they are, to create equitable opportunities."[31] As an outcome, racial equity is achieved when race no longer determines one's socioeconomic outcomes, and when everyone has what they need to thrive regardless of where they live or their socioeconomic status.[32] The table below correlates the potential outcomes of the Project with the specific racial equity themes enumerated in **Part IV (Criteria to Evaluate a Zoning Action through a Racial Equity Lens)** of the Commission's Racial Equity Tool. As demonstrated below, the outcomes of the proposed PUD modification will be neutral or positive with respect to racial equity, through potential improvements in land use, employment, housing, physical infrastructure, and/or access to opportunity.

Direct Displacement	The proposed PUD modification will not result in any direct displacement of existing residents or businesses as the Properties are currently vacant.

[31] 10-A DCMR § 213.6.
[32] 10-A DCMR § 213.9.

Indirect Displacement (Economic and Cultural)	The proposed PUD modification is not expected to cause indirect economic displacement. New development in any area has the potential to increase the assessed value of surrounding properties, which may in turn increase property taxes and contribute to indirect displacement. The Commission thoroughly analyzed this issue during the remand proceedings for the overall McMillan PUD and, based on Office of Planning and expert testimony, concluded that the McMillan PUD would not destabilize land values or cause displacement. *See* Z.C. Order No. 13-14(6), Findings of Fact 221–234. The Commission found that "the substantial amount of market rate housing to be constructed on this site would logically take some pressure off the trend to construct similar housing in the adjacent neighborhoods." The proposed PUD modification will either maintain the Commission's prior finding or further relieve housing pressure on existing neighborhoods surrounding the Overall PUD Site. Even if the healthcare use is fully or partially replaced with another non-residential anchor use on one or both Properties, the Applicant believes the Commission's prior conclusions on indirect displacement are unlikely to change. Furthermore, any additional residential use constructed on the Properties would further reduce the potential for indirect displacement and housing pressure on surrounding neighborhoods by increasing the supply of housing and affordable housing. The proposed PUD modification will not cause indirect cultural displacement. The Comp Plan Housing Element describes cultural displacement as occurring when "residents lose a sense of belonging or shared identity in their neighborhood due to neighborhood change or growth." Beyond ensuring that housing supply serves residents at all income levels, avoiding cultural displacement also requires maintaining community cultural institutions and businesses, creating civic spaces and events that cross cultural divides, and balancing different community needs. The proposed PUD modification requests flexibility in the types of uses that may be established on P1 and P3; regardless of which use or uses are ultimately established, they will not result in indirect cultural displacement. Specifically, if the Applicant executes the currently approved healthcare program or another non-residential anchor use, this will have no bearing on the other housing (market rate, affordable, and senior affordable), retail, and community center uses elsewhere in the Overall PUD Site that provide places for the community to live, gather, and

	interact. The future redevelopment of Parcels 1 and 3, which will include additional retail space, will help activate the north and south edges of the North Service Court, which contains several historic above-ground structures slated for interpretation and adaptive reuse, giving residents and visitors the opportunity to learn about a unique historic feature of the neighborhood. Finally, any additional housing constructed on the Properties would further help avoid indirect cultural displacement by providing new market-rate and affordable housing opportunities for new and existing residents.
Housing	The proposed PUD modification has the potential to produce positive housing outcomes if new residential use is ultimately constructed on P1 and/or P3. As part of the modification, the Applicant is requesting flexibility to include residential use as a permitted use on both Properties. Should new residential use ultimately be constructed, the Applicant will set aside 20% of the residential gross floor area for affordable housing in accordance with the IZ regulations.
Physical	The proposed PUD modification will facilitate positive outcomes for the physical environment. The flexibility provided through the requested modification will allow the Applicant to formulate a development program aligned with current market demands, helping move redevelopment of Parcels 1 and 3 forward. As part of any redevelopment, the public realm will be improved in accordance with DDOT standards where applicable, thus improving pedestrian safety through well-maintained sidewalks, traffic calming measures, and minimized curb cuts. Furthermore, the future redevelopment of Parcel 1 will also include construction of substantial portions of Olmsted Walk and new, publicly accessible open spaces and sidewalks throughout the site.

B. Evaluation of Impacts

The proposed modifications and flexibility for the Parcel 1 Building and the Parcel 3 Building will not result in unacceptable impacts. Although the Application may affect the Parcel 1 Building's design and adjust the scope of uses accommodated on both Properties, these changes will not materially alter the Approved PUD or undermine the conclusions of the

comprehensive impact assessment the Commission previously undertook. As described extensively in the Order, the Commission found that the Approved PUD will not have unacceptable impacts on the environment, land values, displacement of neighboring residents, city services and facilities, or other impacts.[33] The Commission based its conclusions on the Overall PUD Site, of which the subject Properties are only a part.

As detailed below, the potential impacts of the proposed PUD modification will be no greater than those the Commission already evaluated for the healthcare facilities currently approved on P1 and P3. Any other principal use will likely have less impact than the approved healthcare facility, and any impacts from the proposed design changes are likewise likely to be the same or less than currently approved, since the Applicant is not proposing any increase in height, density, or lot occupancy on either Property. Development on P1 will remain no taller than 113 feet, contain no more than 875,000 square feet of GFA (with a minimum of 15,000 square feet devoted to retail or other specified commercial uses), and occupy no more than 55% lot occupancy. Development on P3 will remain no taller than 110 feet and contain no more than 173,000 square feet of GFA (with a minimum of 3,000 square feet devoted to retail or other specified commercial uses). Except for the limited adjustments described below, the impacts previously assessed by the Commission will therefore remain materially unchanged from the original PUD approval, and the proposed PUD modification will not result in unacceptable impacts.

1. Land Use and Zoning Impact

In the Order, the Commission approved the requested map amendment to zone the Overall PUD Site as CR (now MU-10), specifically noting that this zone encourages mixed-use

[33] *See* Order at FOF 187-248.

development. While the Application provides flexibility in the types, extent, and configuration of uses on P1 and P3, all of the proposed uses are permitted within the MU-10 zone, so this flexibility remains cohesive with the rest of the Approved PUD and the MU-10 zone. Furthermore, the Project does not request a zoning map amendment, nor will the underlying zone designation change. For these reasons, and the reasons set forth in the attached Comp Plan evaluation, the Project will not have an unacceptable adverse impact on land use or zoning within the Overall PUD Site.

2. Transportation Impact

In the Order, the Commission found that the Approved PUD's transportation impacts will be appropriately mitigated through the Transit Implementation Plan and the Transportation Performance Plan. The proposed PUD modification could affect transportation in different ways, but, as with the Project's other impacts, these effects will likely be less than those generated by the Approved PUD. The Applicant will prepare and submit a supplemental transportation analysis, scoped appropriately with the District Department of Transportation, incorporating mitigation measures that the Applicant will adopt to adequately offset any impacts from the PUD modification.

3. Housing Market Impact

In the Order, the Commission found that the Approved PUD will not result in the destabilization of land values or the displacement of neighboring residents. The only potential effect the Project might have on the Approved PUD would be if residential use is constructed on one or both Properties, which would deliver *more* market-rate and affordable units than originally approved. The Project will therefore have either no impact, or a positive impact, on the local housing market.

4. Environmental Impact

In the Order, the Commission found that the Approved PUD will not cause environmental problems and will in fact produce substantial environmental benefits. The proposed PUD modification does not alter the facts underlying the Commission's findings. Future development on Parcels 1 and 3 will be required to meet DOEE's current stormwater management requirements. Any hazardous materials present on Parcel 1 at the time the Order was issued have since been removed in accordance with District regulations, and any remaining on Parcel 3 will similarly be removed. Because future development on the Properties is likely to be less intense, in use and overall size, than currently approved, it is likely to have less impact on air quality, noise, and traffic. Since the Commission's previous finding will remain unchanged, the Project will not have unacceptable impacts on environmental conditions.

5. Economic Impact

To assess the potential economic impacts of the proposed PUD modification, the Applicant engaged RCLCO to prepare an updated fiscal and economic impact study (the "**Updated Economic Study**") analyzing development already delivered (Parcels 5 and 6) and other approved development (Parcels 2 and 4) (the "**Existing Uses**"), together with a range of illustrative development scenarios for Parcels 1 and 3, which are currently approved only for healthcare use. The Updated Economic Study accounts for the vastly changed and deteriorating healthcare real estate market and analyzes four alternative development scenarios for Parcels 1 and 3, each retaining the minimum ground-floor retail required under the Order. The parameters of these alternative development scenarios were informed by the use and design modifications the Applicant is requesting.

On the fiscal side, Existing Uses alone are projected to generate approximately $872 million in cumulative net revenues to the District's Local Fund through 2069, with PUD-wide revenues ranging from approximately $982 million to $1.5 billion once Parcels 1 and 3 are included. This amounts to approximately $11–$18 million (in 2026 dollars) per year, depending on the mix and scale of uses on the Properties. For a direct comparison, total project revenues at full buildout, expressed in 2014 dollars, are projected to range from approximately $8–$13.5 million per year — consistent with the $12.3 million annual fiscal impact projected for the Reservoir District at the time the Original Order was issued in 2015.

On the employment side, Existing Uses are estimated to support 2,234 direct full-time-equivalent ("**FTE**") construction jobs (2,582 total, including indirect and induced effects), with the Properties adding approximately 920–1,809 direct construction jobs — bringing the PUD-wide total to a range of approximately 3,154–4,043 direct construction FTE jobs, **approaching the 4,284 direct construction jobs originally estimated under the 2015 PUD**. As for permanent, recurring jobs, development of the Properties is projected to add approximately 271–898 total direct recurring jobs at stabilization. While this is less than the 3,618 direct recurring jobs projected under the Original Order in 2015, it reflects the reality that the original economic forecast contemplated an amount of healthcare facility space that is simply unsupportable in today's market. Across all uses, the Reservoir District could support approximately 640–1,517 total recurring jobs (direct, indirect, and induced) at full buildout, demonstrating that the overall PUD remains a meaningful and substantial fiscal and economic contributor to the District even under the range of illustrative development scenarios evaluated for Parcels 1 and 3.

6. City Service and Facilities Impact

In the Order, the Commission found that the Approved PUD will result in either favorable or mitigable impacts on city services and facilities, based on public safety and security, fire department access, and access to green space and an indoor aquatic facility. Indeed, the amount of publicly accessible open space across Parcels 1 and 3 will not be reduced, and may even increase depending on which principal use or uses are ultimately established. Given the requested flexibility, the Project will either generate the same demand for these services and facilities, resulting in no impact, or decrease demand, resulting in a favorable impact by reducing the burden on those services and facilities.

7. Urban Design

Despite the requested use and design modifications, the material urban design and site planning features of the Approved PUD will remain consistent with the current approval through continued adherence to the Sitewide Master Plan and Design Guidelines. These key character-defining features include the Overall PUD Site's tripartite organization, established by the east-west orientation of the North and South Service Courts and their above-ground historic structures; the plinth; east-west views across the site from First Street to North Capitol Street, and north-south views from Michigan Avenue toward Channing Street; visual connectivity between the North and South Service Courts; and the perimeter of the Olmsted Walk.[34]

C. Public Benefits and Project Amenities

The Commission approved a significant package of public benefits and project amenities for the Overall PUD Site.[35] The Application retains virtually all public benefits applicable to

[34] *See* Order at FOF 93.
[35] *See* Order at Conditions C.1 – C.12.

Parcels 1 and 3, modifying only the elements directly affected by the requested use and GFA flexibility. Absent the requested use flexibility, the Properties will remain vacant indefinitely, and none of the public benefits tied to Parcels 1 and 3 will be delivered.

The table below summarizes each of the currently approved public benefits and the potential modifications thereto by the Application.

Approved Benefit Category and Requirement	**Proposed PUD Modification** (modified public benefits are highlighted in pink)
Urban Design, Architecture, and Site Planning: Develop the PUD in accordance with the approved plans and obtain a building permit for all necessary public infrastructure to support the development of Parcels 1, 4, 5, 6, and 7.	**Modified** • Under both the Tier 1 Modification and Tier 2 Modification scenarios, development on Parcel 1 will maintain its key urban design and site planning features that were instrumental in the Commission's approval of the PUD. Development will adhere to all required setbacks along North Capitol Street, 1st Street, and North Service Court, thus ensuring that development will not extend any closer to the neighborhood on the east or impinge upon the view of the U.S. Capitol from the Armed Forces Retirement Home, and will respect the character and original defined edges of the North Service Court walls. Additionally, development on Parcel 1 will also be required to adhere to the Sitewide Master Plan and Design Guidelines, which will ensure that the overall site plan, including the tri-partite organization and visual north-south connectivity through the site, that was approved by the Commission and the HPRB will be maintained. Similarly, in addition

Approved Benefit Category and Requirement	Proposed PUD Modification (modified public benefits are highlighted in pink)
	to continuing to be subject to HPRB design review, development on Parcel 1 will be required to adhere to the Sitewide Master Plan and Design Guidelines and the palette of materials that are authorized under the PUD.
Parks, Open Space, and Landscaping: Obtain a building permit to construct the community center and approximately 500,000 square feet of public open space comprised of the South Park, the North and South Service Courts, the Healing Gardens, and preserved Cell 14.	**No change** • Parcel 1 contains the same or increased amount of open space regardless of what ultimately is developed on the site, including both the preserved Cell 14 and the development of a significant contiguous and publicly-accessible green space. Therefore, the Application will not reduce the amount of public open space across the Overall PUD Site.
Design Guidelines; Public Art Guidelines: Implement and follow the Master Plan Design Guidelines and the Cultural DC Public Art Master Plan.	No change.
Historic Preservation: Obtain a building permit within three years of the effective date of the Order to retain and rehabilitate and renovate the North and South Service Courts…and to reestablish the Olmsted Walk around the perimeter of the site.	No change.
Housing: Subject to approved flexibility, provide approximately 924,583 SF of GFA devoted to residential uses (approximately 674 units).	**Potentially Modified (Increased)** • The ability to construct residential use on P1 and/or P3 would increase the amount of housing on the Overall PUD Site.

Approved Benefit Category and Requirement	Proposed PUD Modification (modified public benefits are highlighted in pink)
Affordable Housing: Set aside minimum GFA for affordable housing on Parcels 2, 4, 5.	**Potentially Modified (Increased)** • The ability to construct residential use on P1 and/or P3 would increase the amount of affordable housing on the Overall PUD Site.
CBE Participation: Execute a CBE Agreement with DSLBD to achieve, at a minimum, 35% participation by certified business enterprises in the contracted development costs for the design, development, construction, maintenance, and security for the project.	**Potentially Modified (Reduced)** • The Applicant will continue to adhere to the 35% CBE participation required under the Order. However, if future development on the Properties is less intense compared to what is currently approved under the Order, it is possible that overall contracted development costs flowing to CBEs for the Properties may be reduced in terms of total dollars, but not percentage.
Training and Employment Opportunities: During construction of the project, abide by the terms of the executed First Source Employment Agreement with DOES to achieve the goal of utilizing District residents for at least 51% of the new jobs created by the project. To the extent permitted by law, first preference for employment opportunities shall be given to Wards 1 and 5 residents.	**Potentially Modified (Reduced)** • The Applicant will continue to adhere to the 51% District resident hiring required under the Order, with first preference given to Ward 1 and 5 residents to the extent permitted by law. However, if future development on the Properties is less intense compared to what is currently approved under the Order, the overall number of jobs generated by the Properties would be reduced, and the number of employment opportunities available to District residents would be reduced accordingly.
Project Association: Establish a project association or business improvement district for the project that will be responsible for the maintenance and improvements of the private roadways, alleys, bicycle paths, historic walks,	No change.

Approved Benefit Category and Requirement	Proposed PUD Modification (modified public benefits are highlighted in pink)
sidewalks, parks, historic resources, streetscapes, street furniture and fixtures, and signage within the project boundaries. Additionally, the project association will contribute to funding for programming and staging events within the PUD for the benefit of the public.	
Environmental Benefits: The Master Plan for the overall project shall be evaluated for LEED-Neighborhood Development and shall be certified at least LEED-Gold or its equivalent. Each project shall be LEED-Silver or Green Communities compliant, depending on its commercial or residential designation. Upon completion, the overall project shall achieve, at minimum, the applicable provisions of the Green Construction Code of the 2013 Construction Code of the District of Columbia. Best efforts shall be put forth to achieve a LEED-Silver rating or higher for the buildings on Parcels 1, 4, 5, and 6, but the Applicant shall not be required to obtain the certification from the U.S. Green Building Council.	No change.
Uses of Special Benefit to the Community and City:	
$700,000 to CFNCR to support workforce development initiatives to improve low-income workers' skills, credentials, career prospects, earnings, and job placement, particularly in key local industries and occupations.	No change.
$300,000 to CFNCR to support scholarships for higher education, training, or job-related certification encouraging "legacy" career paths such as civil engineering, landscape architecture, or on-site jobs in the medical field, with a preference for Wards 1 and 5 residents to the extent permitted by law.	No change.

Approved Benefit Category and Requirement	Proposed PUD Modification (modified public benefits are highlighted in pink)
$125,000 to D.C. Education Fund to be used to improve science, technology, engineering, and math teacher professional development and instruction, as well as student learning and achievement, particularly at Dunbar High School, McKinley Technical High School, and Langley Educational Campus.	No change.
$500,000 to the McMillan Project Association to hire high-school age residents and senior residents to provide guided tours of the McMillan site highlighting the preserved historic resources.	No change.
$750,000 to the McMillan Project Association to create a community market, outdoor cafe, and space for art installations between the South Service Court and South Park, and to activate the South Service Court and existing elements, such as regulator houses for small business incubators, silos as hanging gardens, water features and observation points.	No change.
$225,000 to the McMillan Project Association to facilitate business start-ups by awarding grants or in-kind resources to small, local retail/service businesses looking to locate and operate on site to try out their retail/service concepts.	No change.
$500,000 for fabricating, installing, repairing, and restoring tree box fence enclosures; planting trees and ground cover plants; and installing certain neighborhood signage in coordination with the Bates, Bloomingdale, Eckington, Edgewood, Hanover Area, and Stronghold Civic Associations.	No change.
$150,000 to North Capitol Main Street, Inc. for storefront improvements located on North Capitol Street between Channing Street to New York Avenue.	No change.
WiFi: Use best efforts to provide free WiFi for public use in the community center and park.	No change.

Approved Benefit Category and Requirement	Proposed PUD Modification (modified public benefits are highlighted in pink)
Retail Uses: Subject to approved flexibility, provide approximately 97,600 SF of GFA devoted to retail and service uses, including a full-service grocery store on Parcel 4.	No change.

D. Balancing of Public Benefits and Development Incentives

The PUD process promotes superior development outcomes, including meaningful public benefits and project amenities, by affording flexibility in planning and design beyond what matter-of-right zoning would otherwise permit. Pursuant to Subtitle X §§ 303.12 and 304.3, in evaluating this Application, the Commission must, according to the specific circumstances of the instant application, judge, balance, and reconcile the relative value of: (i) the public benefits, (ii) the development incentives, including zoning and other flexibility requested as part of the modifications, and (iii) any potential adverse effects of the Project. As noted above, Subtitle Z § 704.4 limits the Commission's review of a PUD modification to the impact of the modification on the subject of the original application, without revisiting the original decision. For the reasons discussed below, the Project demonstrates that this balance weighs decisively in favor of granting the requested modifications.

In approving the original PUD application, the Commission determined that "[t]he value of the public benefits is exceedingly high, the zoning flexibility comparatively modest, and the potential adverse impacts capable of being mitigated."[36] Of the non-exhaustive list of public benefits and amenities specifically referenced in Paragraph 8 of the Order's General Conclusions of Law, only the establishment of at least 860,000 square feet of healthcare use in the Parcel 1

Building would be affected by the Application. Without the requested modifications and flexibility, the Applicant cannot advance the redevelopment of the Properties.

This Application does not materially or irrevocably change the benefits and amenities required under the Order. If the requested PUD modification were approved, the overall Approved PUD would continue to benefit the District by advancing the long-anticipated redevelopment of a large, underutilized site with a mixed-use development that provides ample parks and open space for public use, meaningful community-serving retail, millions of dollars in capital investment, significant contributions to community organizations and scholarship opportunities, and the preservation and rehabilitation of significant historic features. As was true when the Order was issued, development on the Properties under the requested modifications and flexibility will continue to deliver these public benefits.

This Application is consistent with the intent of the Order and does not materially change the underlying facts on which the Order was granted.

As stated in the Order, the Commission previously concluded that the Approved PUD's balance of incentives, benefits, and impacts weighed "overwhelmingly" in favor of approval, finding that "the value of the public benefits is exceedingly high, the zoning flexibility comparatively modest, and the potential adverse impacts capable of being mitigated."[37] That already-strong baseline provides important context for assessing whether the proposed PUD modification disrupts the balance for the Properties. It does not. Because the modification is expected to result in less height and density than approved—not more—the "degree of development incentives requested" does not increase, and the potential adverse impacts

[36] Order at General Conclusion of Law 9.
[37] *See* Order at Conclusions of Law 9.

associated with the built form and activity on the Properties are likely to decrease relative to the approved program. This is consistent with the Commission's prior finding that the PUD did not produce unacceptable adverse impacts.

A smaller development on the Properties will, by definition, generate less traffic, construction activity, and intensity of use. Meanwhile, the core PUD-wide public benefits and amenities memorialized in the Order — including required open space, community-serving retail, historic preservation commitments, monetary community contributions, and affordable housing provisions — do not depend on the specific use or size of development on the Properties and are expected to remain unchanged or increase under the proposed PUD modification. The three-part balancing test — generous public benefits, modest flexibility, and reduced or, at most, unchanged adverse impacts — therefore remains firmly in balance.

Although the degree of development incentives, public benefits, and potential adverse impacts will remain in balance, it is worth noting that the PUD's Certified Business Enterprise ("**CBE**") and First Source benefits could be reduced in absolute terms as a result of a smaller development program on the Properties. The PUD's CBE commitment requires, at a minimum, 35% participation by CBEs in the contracted development costs for the design, development, construction, maintenance, and security of the PUD. The First Source commitment establishes a goal of utilizing District residents for at least 51% of all new jobs created by the PUD, with first preference for residents of Wards 1 and 5 to the extent permitted by law.

Because both commitments are structured as percentages rather than fixed dollar amounts or fixed job counts, the percentage obligations themselves — 35% and 51% — will remain fully in place regardless of what is built on P1 and P3. If development on the Properties is smaller than originally approved, however, the absolute volume of contract

spending subject to the 35% CBE goal, and the absolute number of new jobs subject to the 51% First Source goal, may be reduced. The Updated Economic Study reflects this potential through the range of construction and stabilized recurring jobs tied to the scenario and scale of development. A smaller buildout would typically yield fewer construction jobs and fewer permanent jobs than the healthcare program currently approved for the Properties.

Any potential reduction in CBE and First Source public benefits flows directly from the same market realities driving the PUD modification — realities that, left unaddressed, could leave the Properties undeveloped indefinitely, yielding no CBE participation or First Source employment at all. Continued vacancy would also delay or forfeit a significant monetary contribution to community workforce development ($700,000) that is tied to the development of Parcel 1.[38] Viewed in this light, the percentage-based structure of the CBE and First Source public benefits provides an appropriate and proportionate mechanism for maintaining the required balance between the degree of development incentives, public benefits, and impacts: whatever is ultimately built will still be required to deliver 35% CBE participation and target 51% District-resident hiring, ensuring that the community benefit scales with actual development activity rather than disappearing altogether. The Approved PUD's balancing test thus remains in balance.

Accordingly, the Commission's prior determination in the Order remains sound: the public benefits continue to far outweigh the development flexibility sought, and any potential adverse impacts remain capable of being mitigated. The proposed modifications and flexibility

[38] Pursuant to Condition 11.a of the Order, the Applicant is required to contribute $700,000 ($140,000 per year for five years) to the Greater Washington Community Foundation to support workforce development initiatives to improve low-income workers' skills, credentials, career prospects, earnings, and job placement, particularly in key

preserve the fundamental balance struck by the Order and, on the whole, support approval of the Application.

IV. CONCLUSION

For the foregoing reasons, the Applicant submits that the Application meets the standards of Chapter 3 of Subtitle X, and Chapters 3 and 7 of Subtitle Z of the Regulations for a modification to the Approved PUD, and thus respectfully requests approval of this Modification with Hearing. The request is consistent with the intent of the Commission in approving the Approved PUD and will not substantially impair the intent, purpose, or integrity of the zone plan as embodied in the Regulations and Zoning Map or affect neighboring properties. Accordingly, approval of the Modification with Hearing is appropriate, and the Applicant respectfully requests the Commission to set the Application down for a public hearing at its earliest convenience.

Respectfully submitted,

GOULSTON & STORRS PC

/s/
David M. Avitabile, Director

/s/
Olivia Torres, Associate

/s/
Shane L. Dettman, Urban Planner

Date: October 16, 2026

local industries and occupations. The contributions required under this condition commence upon issuance of the first certificate of occupancy on Parcel 1.