

Building. The Owner cannot move forward with a speculative project that relies heavily on use types that have come to a near-complete standstill even in existing buildings in light of the distancing requirements in place as part of the pandemic. The COVID-19 related economic and physical distancing conditions have impeded transactions. Potential development partners are hesitant to travel to visit and inspect the Property in light of public health conditions. Locally-based potential development partners are reluctant to invest in the current uncertain environment. As a result, ordinary real estate due diligence processes are effectively stalled. Although the Owner expects the planned uses for the Project will bring vibrancy to the Future South Building in a post-pandemic environment, the timeline for those future vibrant conditions to return and the inherent uncertainty in the meantime require the Applicant to pause development activity with respect to such uses at the site.

9. Development Partners: The Project was originally envisioned as two independent buildings that could each contain either residential use or office use. That is, the Project was approved with flexibility to build either building with either use (or a mix of uses). Based on the flexibility built into the PUD, the Owner has been negotiating with development partners on both buildings nearly continuously since the PUD was approved and since the previous extensions of the Order were approved. After PUD approval, the Owner entered into discussions with several development partners to develop the South Building both as an office building and a residential building. None of the partners were able to move forward due to economic conditions related to the high overall DC office market vacancy of around 15%, the still nascent office market in the Union Market District, the weight and complexity of the residential building, and the rising costs of steel construction.

Current Efforts to Implement Project

10. Five approved PUDs within the Union Market District are affiliated with the Owner: (a) the Edison project, approved by Z.C. Order No. 06-40, which opened the first Trader Joe's in Ward 5 in October 2017; (b) the second approved PUD, approved by Z.C. Order No. 14-07 and located at 1270 4th Street, NE recently finished construction and has been delivered; (c) the Shapiro North project located at 1300 4th Street, NE, approved by Z.C. Order No. 14-07B recently finished construction and is set to begin delivering units; (d) the Maurice West project, approved by Z.C. Order No. 17-14 has commenced construction-related activities and will deliver Q3 2022; and (e) the fifth approved PUD is the subject of this request, and with respect to the Future North Building was approved earlier this year and is currently proceeding on the timeline established in the Order.
11. During the fall and winter of 2016, the Owner negotiated a joint venture with Great Gulf, the parent company of the developer partner for the project approved by Z.C. Order No. 14-07. After negotiations and finalizing of various agreements, the Owner and an affiliate of Great Gulf, GG MRKT II LP ("GG"), entered into a purchase and sale agreement regarding the development on the Property on February 7, 2017. As mentioned above, the Owner also entered into similar agreement with a Great Gulf affiliate in April 2016 relating to the project approved by Z.C. Case No. 14-07, which has since closed and that joint venture has been a major contributing factor toward a joint venture relating to the Project. However, since that time, GG left the Project partially because they were dissuaded by the Appeal of Z.C. Order 14-07, although it has since resolved the Appeal and proceeded with

the development approved under Z.C. Order 14-07, which is now being delivered. The Developer's withdrawal required the subsequent removal of Z.C. Case No. 14-12B, which was a Stage Two PUD for the North Building and proposed modifications for the project. Such process resulted in delay for the entirety of the Project and, in particular, the Future South Building.

12. In furtherance of the above actions, since May 2015, the development team has been meeting with various District agencies, including the Office of Planning, the Office of the Deputy Mayor for Planning and Economic Development and the District Department of Transportation (“**DDOT**”) to further the Project's implementation.
13. Moreover, the Owner has taken affirmative steps to implement many of the non-structural and interim conditions of the Order. Of specific note, since the issuance of the Order, the Owner engaged a consultant to prepare the “Public Space Guidelines” for the Union Market District and worked with DDOT, other owners, stakeholders, and the community to draft such document. The document has been issued and is currently in effect for the Union Market District. In total, the Applicant has expended over \$1,200,000 on the non-structural and programming elements implemented in and around the South Building.
14. The Owner has been working with several general contractors and construction companies to develop figures for construction pricing to deliver the Future South Building. Such exercises have included studying multiple structural and material options that would allow for the construction of the Future South Building above the existing (and continuously operational) Union Market building. The result of such studies have resulted in the conclusion that construction costs have disallowed construction of the Future South Building due to significant inflation in overall construction pricing. The Applicant has expended over \$80,000 on structural design and pre-construction consultant services to study the costs and constructability of the South Building.
15. In addition, the Owner has continued a robust program of community events programming centered around the existing Union Market, which has become one of the most vibrant and successful hubs of small scale and entrepreneurial economic activity in the District. The Owner has implemented a clean and safe program including security patrols, has hosted many free community events, and has successfully built a platform for the creative economy in DC. In general, the Owner is delivering (or has completed delivery of) all or nearly all of the public benefits of the Order that can be delivered ahead of the commencement of construction. Moreover, as part of the Future North Building PUD, the public benefits of the Order associated with the Future North Building were increased. More specifically, the Future North Building is providing more affordable housing at deeper levels of affordability than originally set forth in the Order. The Future North Building also includes space reserved for “Maker/PDR” uses, another benefit not originally required in the Order, along with an enhanced LEED-level.
16. Relatively recently, the Owner installed a temporary tennis stadium on the top story of the existing Union Market building for a weeklong period in the summer of 2019. Given the success of that experience and pursuant to a modification of consequence of the Order approved by the Commission earlier in 2019, the Owner installed interim improvements

above the existing Union Market building as a temporary urban park. Those interim conditions have and will continue to cost the Owner a significant amount to construct and operate and provide Ward 5 and the Union Market District with a vital outdoor public gathering space that came on-line in furtherance of pandemic-related physical distancing measures and will remain an important community hub once such measures are relaxed and until the construction of the Future South Building.

17. Despite the totality of the Owner’s efforts listed above, the previously approved Project has not been able to proceed.

Funding Sources and Project Expenditures

18. The Owner is an affiliate of EDENS, a privately-owned national real estate firm with nearly 50 years of experience in the real estate industry. EDENS has substantial financial wherewithal and long-standing relationships with many of the world’s largest financial institutions and has private sources of capital. However, as a result of the economic conditions in light of the COVID-19 pandemic, the construction complexities and expense of the Project, the lack of a developer partner, and the timing sensitivities in light of the development of the Future North Building, the Owner has been unable to proceed with final permitting and construction of the Project.
19. There is currently no lender nor financing for the Project, whether as a residential or office building.
20. Since May 2015, the Owner has expended significant time, money and resources to implement, study and modify the previously approved Project. The following chart summarizes the approximate amounts of money expended by the Owner since May 2015:

<u>Cost Category</u>	<u>Amount</u>
Architectural (Including Structural)	\$700,000
Landscape (Including Streetscape Design Guidelines)	\$355,000
Legal: Transactional and Zoning	\$648,000
Civil Engineering	\$160,000
Other Consultants	\$240,000
Marketing	\$10,000
General & Administrative	\$300,000
Total Expenditures To Date	\$2,413,000

NOTES:

1. Expenditures to date do not include the Owner interest carry or real estate taxes.
 2. Expenditures to date do not include costs incurred by Developer (nor the other developers with which the Owner has negotiated, as described above).
21. Since May 2017, the Owner has incurred significant costs for interest carry and real estate taxes. The Owner notes that it spent approximately \$2,193,000 for the above cost categories between the original approval in May 2015 and November 2020.

22. The Owner has every intention of developing the Property in accordance with the approved Project as soon as possible.
23. The Owner remains actively engaged in pursuing the expeditious development of the Project, and has been working to try to break ground on the Project as soon as possible.
24. If the Owner loses the entitlements granted by the Zoning Commission under the Order, the efforts to implement the Project will be even further hampered.

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I hereby swear and affirm under penalty of perjury that the statements made in the foregoing declaration are true and correct to the best of my knowledge, information, and belief.



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Title: Director – Development
EDENS, parent company of EAJ 1309 5th
Street LLC