Affidavit of Ben Stoll, Representative of EQR-EYE Street, LLC

The undersigned, being duly sworn according to law, deposes and says:

1. I am a Vice President of Equity Residential, the general partner of ERP Operating Limited Partnership, the member of EQR-EYE Street, LLC ("**Owner**"), the Applicant under BZA Case No 18289 (the "**Order**").
2. Owner is the owner of 455 I Street, NW (Square 516, Lot 36[1]) ("**Property**") and has been since April 29, 2011
3. I am the Washington, DC-based Principal in Charge of the Property for Owner.
4. As Principal in Charge, I am responsible for efforts relating to designing, permitting, constructing, financing, and marketing construction of the residential and retail project, including the renovation of the existing structures, at the Property ("**Project**")
5. Since the date of the Order, January 20, 2012, Owner has been diligently proceeding in good faith with the Project as approved by the Order. However, as described in the statement to which this affidavit is attached, the construction of the Project as approved by the Order has not been feasible due to the market and other conditions beyond Owner's control.
6. Owner is an affiliate of Equity Residential ("**Equity**"), a publicly-traded real estate investment trust. Equity has substantial financial wherewithal and long-standing relationships with many of the world's largest financial institutions, but due to market and other conditions has been unable to proceed with construction of the Project.

<u>Current Oversupply of the Residential Market (Rental)</u>

7. The District is currently undergoing a construction boom, particularly for residential, multi-family projects Specifically, the immediate vicinity of the Property is experiencing a large multi-family construction surge, particularly in the Mount Vernon Triangle and NoMA areas. Just a few years ago, this was not a foreseeable situation.
8. To the immediate northeast of the Property, there is a total of approximately 467 residential units currently under construction and coming to market within the next year. An additional 783 units on L Street were recently completed or are currently under construction. In total, approximately 1,250 multi-family units were already delivered or will be delivered in the next 20 months in the near vicinity of the Property. In addition, there are several other newly-constructed or under-construction residential rental projects in the near vicinity of the Property, such as CityCenter DC's approximately 458 rental units.
9. The result of such excess market supply is that residential rents are flat or declining.
10. Residential rental occupancy in the Washington DC submarket decreased by 0.5% from 2012 to 2013.
11. As a result, the Project would not be able to be constructed and operated as underwritten.
12. Equity is a high quality builder that is also a long term holder of its properties Therefore, Owner is focused on building a long term successful project at the Property rather than bringing more supply to the market in the short term. While still committed

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[1] At the time of the proceeding before the Board, the Property was comprised of Lots 812-825, and 876 Such lots have been combined into one record lot, Lot 36.

to the Property and the Project, Owner believes that the better strategy for the Mount Vernon Triangle area is to allow for, at a minimum, partial absorption of the units already in the pipeline before bringing the Project online.

Financing

13. Owner planned to utilize equity for this Project. Therefore, there is no lender and no brokers have been involved to arrange financing and no further documentation could be produced by those entities. Such equity utilization will allow Owner to proceed more expeditiously once all approvals are obtained and the market absorption described above occurs
14. Although Owner is "self-funded" from its larger organization, the parent company's investment committee acts as a de facto lender. Each project must be separately approved on its own merits by Equity's investment committee. This process is analogous to applying to a bank or other lender for funds for construction.
15 Based on the above-described market pressures and supply, an approval of construction funding from Equity's investment committee has not been possible since the issuance of the Order

Corporate Realignment

16. Since the issuance of the Order, Equity purchased 60% of Archstone, Inc. (with AvalonBay, Inc purchasing the other 40%). This transaction closed in the first quarter of 2013. As a result, Equity now owns a significantly larger number of residential multi-family units in the Washington, DC area. The purchase of Archstone swelled Equity's number of Washington-area units from roughly 12,000 to roughly 19,000.
17. Equity is still filtering through the properties it has obtained and reconfiguring its holdings in the Washington, DC area. Equity has a fiduciary duty to its investors to implement its projects and reconfigure its properties with an eye towards considering the current state of the local market. In light of this, Owner is unable to proceed with the Project before the expiration of the Order

Physical Constraints on the Site

18 The property to the immediate north of the Property, 450 K Street, NW, is currently under construction.
19. The developer of such property has a crane, large amounts of construction equipment, vehicles, personnel, and materials in a small area, including the alley behind the Property
20. The developer of such property has a license agreement with Owner to rent and utilize the Property for staging and storage of construction equipment and materials due to this tight configuration.
21 It would be very difficult to introduce another construction project into such areas simultaneous to the current construction activities for 450 K Street, NW. The constant conflict of equipment, including the construction cranes necessary for construction, would provide for significant coordination challenges and delay each project's construction schedules considerably. Furthermore, it would generate extreme traffic

difficulties for the construction of both projects to proceed simultaneously.

22 This as a physical constraint delaying the ability to implement the Project prior to the expiration of the Order.

5th and I Street NW Request for Proposals

23 The District is currently soliciting offers of redevelopment for the publicly-owned parcel immediately to the west of the Property, Lot 59 in Square 516 (aka the "5th and I" parcel or 463 I Street, NW). The District has not yet selected the Developer and Owner does not yet know what the proposed project might be.

24 Owner desires to explore potential synergies and further understand potential redevelopment options of the 5th and I parcel prior to proceeding under its building permits on the Property.

25. Owner expects the details regarding the developer and development plan for the "5th and I" parcel to be finalized during the requested extended term of the Order.

Work Relating to Permits

26. Owner has applied for and received some permits necessary to begin the implementation of the Project on the Property.

27. Owner has applied for its raze permit a structure on the Property and two (2) public space permits.

28 Owner obtained public space permits from the DDOT Public Space Committee necessary for the Project in May 2013 incurring the associated application and consultant fees that were required during such process.

29. Due to its historic nature, Owner must also perform archeological work within the Property prior to obtaining a building permit for the Project. Such work introduces an element of indefinite delay that does not commonly impact projects in the District of Columbia.

Amounts Expended

30 Owner has expended significant time, money, and resources to bring the Project to fruition

31 For example, Owner has spent considerable funds on plans and construction drawings necessary to apply for a building permit from the District of Columbia Department of Consumer and Regulatory Affairs ("**DCRA**") for the Project.

32 Since BZA Order No 18289 was issued in January of 2012, Owner has spent approximately $2.5 million relating to its pursuit of the Project (not including property acquisition purchase price or related costs), comprised of the following amounts:

Cost Category	Amount
Architectural & Engineering	$1,765,000
Overhead and carrying costs	$460,000
Legal fees	$175,000
Permits and Fees	$100,000
Total Costs	**$2,500,000**

33. Owner has incurred in excess of $2.7 million in costs and fees since obtaining the Property in April 2011.
34 Despite the above, Owner continues to price the construction costs of the Project with general contractors.

Conclusion

35. Given the above, developing the Project to date has not been viable. However, Owner believes that once the factors described above improve or are addressed, the Project will have the potential to proceed.
36 If Owner loses the entitlements granted by the BZA under the Order, the efforts to bring the Project to fruition will be even further hampered.

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

EQR-EYE STREET, LLC, a Delaware limited liability company

By. ERP Operating Limited Partnership, an Illinois limited partnership, its member

By· Equity Residential, a Maryland real estate investment trust, its general partner

By: Ben Stoll
Name· Ben Stoll
Its· Vice President

Subscribed and sworn to before me this 9 day of January 2014

Sherry L Darling
Notary Public

My Commission expires· Oct 31, 2016
[Notarial Seal]

SHERRY L DARLING
Notary Public
Commonwealth of Virginia
348966
My Commission Expires Oct 31, 2016