Exhibit H

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February 2016

2112-2126 3rd Street, NE
BZA Case #19101
IZ Economic Viability

Bolan Smart Associates has been asked to review the economic viability of providing two Inclusionary Zoning Set-Aside housing units for a largely already built 16-unit development project at 2112-2126 3rd Street, NE.

1. IZ Economic Feasibility under Bonus Density Provisions: The Applicant has represented that the subject project with IZ would have worked with bonus density. Bolan Smart has reviewed developer budget information and concurs with this finding. That said, Bolan Smart has not been tasked to consider how potential bonus density and IZ provisions may have otherwise applied to the subject project.

2. As Built Economic Feasibility: Bolan Smart has evaluated the Applicant provided February 2016 development budget information and finds the cost and revenue assumptions to be consistent with market norms for this type of project at this location. The combination of the land acquisition costs, hard and soft construction costs, and the cost of end unit sales are all reasonable. The evidence of recorded sales prices for finished units when measured against the total development cost including transaction expenses indicates the subject project falls in the middle range of generally required economic performance, producing approximately a 20% overall return-on-cost over a two to three year period.

3. DC Office of Planning Findings: Bolan Smart was asked also asked to consider the District of Columbia Office of Planning memorandum concerning this BZA case dated January 5, 2016. It is our understanding that the Office of Planning analysis was premised on Applicant estimated budget information current to spring 2015, that was then compared with actual recorded unit sales information from later in 2015. Bolan Smart highlights two observations from this memorandum:

    - On page 3, the OP report observes that the original provided Applicant budget information identified "positive net proceeds" from both the as conceived project without IZ provisions as well as other hypothetical scenarios, including IZ accommodations without the benefit of an added density bonus. The applicant does not refute this observation, which is also confirmed by Bolan Smart. What is in question, however, and is well stated in the OP report, is "does a certain amount of unrealized proceeds, due to the provision of IZ units, equate to a denial of economic viability..." The OP report does not attempt to address this question (nor does the OP report comment on the Applicant's summary of costs). Differentiating between "positive net proceeds" and "unrealized proceeds" is the critical question, which we attempt to dissect later herein.

- On page 4 of the OP report there is a table comparing the Applicant's earlier budget based projected unit sales prices with the actual generally higher recorded prices, computing a "Discrepancy Amount" as the delta between the two. (We note that OP took the lower of two sales price scenarios originally presented by the Applicant, not factoring for the alternate higher price scenario that was also submitted.) Based on employing the lower sales price assumption, the OP report suggests that "there is a discrepancy in the Applicant's favor". The OP report continues, however, to ask that the Applicant "provide an accurate cost-breakdown for BZA review". With the benefit now of the available actual cost expenditures, as presented by the Applicant elsewhere, the implied positive discrepancy from the realized unit sales prices is not in the Applicant's favor, but in fact presents some dilution in proportional proceeds. This is due to higher actual construction costs than represented in the spring 2015 budgets reviewed by OP, a higher cost function experienced industry-wide of recent. In addition, the subject project incurred an increase in the cost of construction financing consequent from 16 months of project delay attributed to the overlay of the IZ discussions. In sum, higher unit delivery costs have not been entirely offset by higher sales revenues.
  - Actual cost 6.0% higher than spring 2015 Budget
  - Actual revenues 3.7% higher than spring 2015 Budget

4. Applicant Actual Costs and Revenues: The following provides a simplified illustration of the Applicant's costs and revenues, plus the yield-on-cost (positive proceeds). The inputs are based on the Applicant's actual budget submitted under separate cover, and which Bolan Smart has previously stated as consistent with market norms:
   - Actual all-in delivery cost $300 / gsf
   - Actual revenues $360 / gsf @ 84.6% gsf to nsf @ $425 / nsf
   - Revenue over cost (positive proceeds) = $60 / gsf (yield = 20%) x 29,155 gsf = $1,750,000

5. What constitutes economic viability? The OP report references "positive net proceeds", assumed to mean project revenues exceeding project costs. It goes without saying that economic viability requires positive proceeds in order to attract investment and to offset development risks. A generally accepted understanding is that new development typical to that of the subject project has minimum investment thresholds of 20% to 25% positive proceeds over costs. This yield rate is spread over multiple years of development period, and compensates the developer investor for a number of opportunity costs. While this "return" is often referred to as profit, this can be misleading in that what it really represents is the minimum required payment to induce the investment. It represents the cost of capital, or even more simply put, cost of business, that if not recovered, means a project will go not go forward.

6. What would constitute development feasibility economic loss? The OP report poses the question of what "unrealized proceeds" may mean in denying economic feasibility. From the investor's perspective, any "positive proceeds" totaling less than 20% of project cost would deny economic feasibility.

7. Actual cash loss? Under the circumstances being considered in this BZA case, the Board may or may not agree on the applicability of investor based minimum proceeds. Then the question may become how much "unrealized proceeds" can the investor absorb before they are losing actual capital, having already forsaken any expected required minimum yield? In the case of the subject project, there are two development cost line components that need to be added if there is to be no "positive net proceeds" allowed as a definition of economic feasibility. The missing items are direct compensation for developer time and expense (i.e. 4.0% developer fee on project cost) and some lower threshold of compensation for investor equity, suggested as equivalent to the cost of debt as a minimum alternative opportunity cost to an otherwise required risk based higher yield threshold. The following computation illustrates what should be considered as required "positive proceeds" to cover base costs, or put another way, to not constitute and actual cash loss (or developer investor out of pocket subsidy):
   - Minimum developer fee @ 4.0% (not counted in budget): $350,000
   - Project yield as if debt @ 5.0% per year x 24 months = 10.0%: $900,000
   - Total minimum yield-on-cost (not cash loss / minimum positive proceeds): $1,250,000

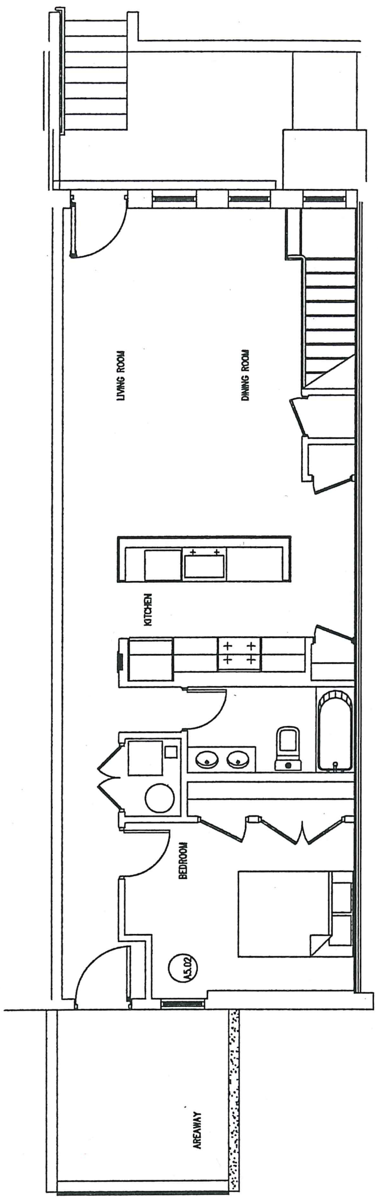
8. IZ Implication: The difference between investment viability at 20% yield ($1,750,000) and no actual cash loss ($1,250,000) = $500,000 (possible unrealized proceeds). This approximates one IZ unit @ 50% AMI valued in the range of $150,000 with an equivalent market value in the range of $650,000.

9. Summary: Bolan Smart finds the Applicant's development costs market reasonable and the sales revenues market actual. Including no IZ units meets investor minimum thresholds for economic viability, while providing for two IZ units constitutes a substantial loss. Depending on the BZA's determination of economic viability, up to one IZ unit may be absorbed by the Applicant such that the Applicant is not actually losing actual cash value, though nonetheless being denied a normal market investor return.

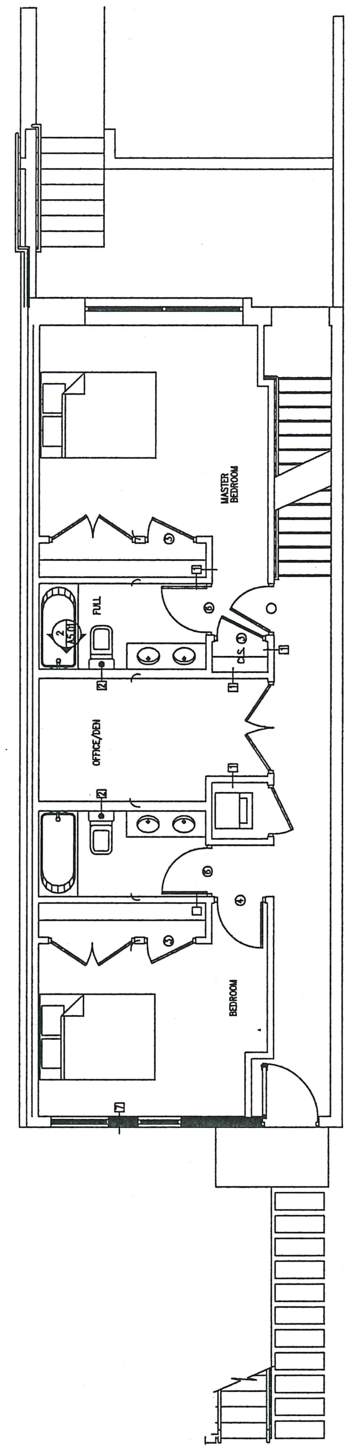
Exhibit I

2124-A 3rd Street, N.E.

(Lot 43)



Cellar Level.



1st Floor.