



INCLUSIONARY ZONING IN-LIEU FEES

Real Estate Financial Analysis for the Proposed Project at:
4500 Massachusetts Ave NW, Washington, D.C. 20016

Presented to Zoning Commission, District of Columbia

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AGENDA



1. Qualifications
 2. Key Findings
 3. Production Cost Method
 4. Property Value Method
 5. Questions
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QUALIFICATIONS

- 9 years of progressive experience in virtually all phases of housing development and analysis
- Hundreds of units developed
- Hundred+ million in financing secured

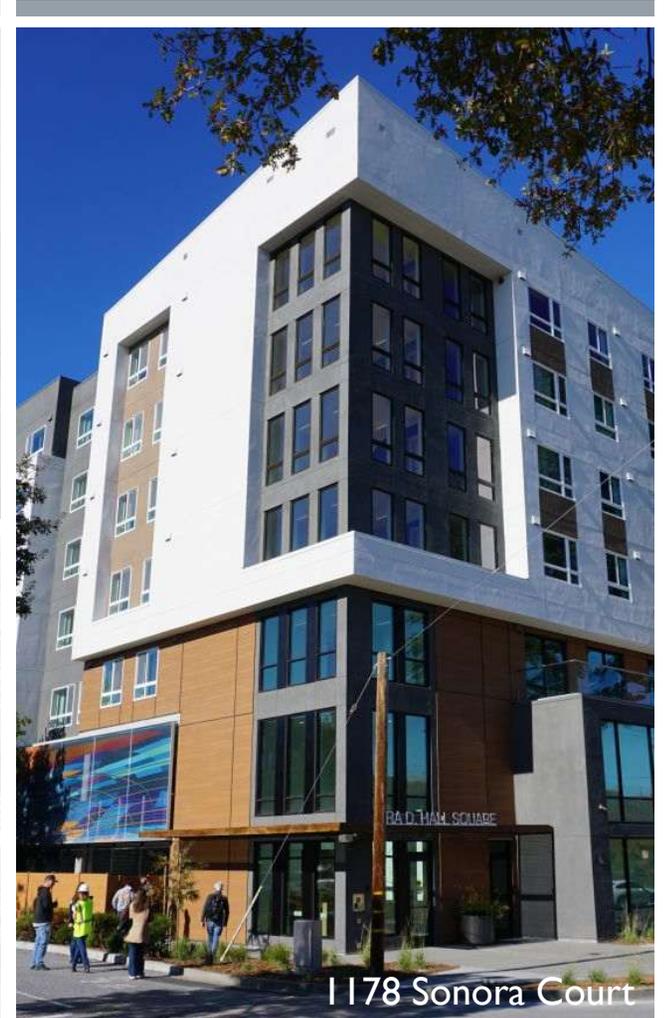
See Appendix I: Pages 6-8



Posolmi Place



The Buena Vista



1178 Sonora Court

KEY FINDING

- The analysis concludes that the approximate value of Inclusionary Zoning (**IZ**) at the Proposed Project falls between **\$9,900,000** and **\$15,145,000**.
- Wide range: represents the potential value for 10% IZ and 15% IZ using two distinctive methodologies.
- These are estimates intended to offer a range that the Zoning Commission and other partners involved in the project can use to establish a fee.

See Report: Pages 1-2

METHOD 1:

PRODUCTION COST

See Report: Pages 2-3

- Fee Range: \$10,097,000 for 10% IZ and \$15,145,000 for 15% IZ
- Methodology: Estimated cost of construction times the residential floor area*
- Key Inputs:
 - Square footage: 10-15% of 281,911 gross sf (enclosed sf of residential floors)
 - \$358 per square foot (**sf**)

*According to the Title 11 DC Municipal Regulation description of IZ, Section 1001.4 (Subtitle C-77): “IZ requirements and modifications shall apply to both the existing and the increased **gross floor area**.”

METHOD 2:

PROPERTY VALUE

See Report: Pages 3-5

- Fee Range: \$9,918,000 for 10% IZ and \$15,135,000 for 15% IZ
- Methodology: Calculates an estimated difference in property value between fully market-rate and 10% IZ and fully market-rate and 15% IZ.
- Key Inputs:
 - Market-rate rent per square foot (sf): \$6.00
 - Designed equity returns for Developer: 12.7%
 - Loan Terms: Consistent with current climate
 - Affordable Rent per sf: \$3.60*

*See supplemental note on alternative incomes (Report, page 5)

THANK YOU

QUESTIONS?