



Real Property Tax Appeals Commission

IN ACCORDANCE WITH Section §47-825.01a of the District of Columbia Statutes you are hereby notified of your assessment for the tax year **2016** as finalized by the Real Property Tax Appeals Commission for the property described below. **If YOU WISH TO APPEAL THIS ASSESSMENT FURTHER, SEE THE INFORMATION BELOW.**

Hearing Date: October 30, 2015 **Decision Date:** December 15, 2015

Legal Description of Property

Square: 2243 Lot: 0066

Property Address: 2950 Van Ness Street NW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	13,957,650	Land	13,957,650
Building	72,021,610	Building	72,021,610
Total	\$ 85,979,260	Total	\$ 85,979,260

Rationale: The Real Property Tax Appeals Commission (RPTAC or the Commission) is charged with determining the estimated market value of the subject property as of January 1, 2015, the valuation date for Tax Year 2016. Pursuant to statute, the Petitioner must demonstrate by the preponderance of the evidence that the proposed valuation by the Office of Tax and Revenue (OTR) for real property tax purposes is erroneous.

The subject property, known as AVA VAN NESS APARTMENTS, is a nine-story, High-Rise building, consisting of 269 units, located in the Van Ness/Forest Hills MF Submarket of the District. The subject property, built, according to CoStar, in 1980, consists of 207 one-bedroom units and 62 two-bedroom units, with approximately 258,327 square feet of Gross Building Area, including approximately 105 parking spaces, and is situated on approximately 65,836 square feet of land area. The neighborhood is home to several shops and restaurants, and is within walking distance of the Van Ness Metro station. CoStar indicates that this property is a “Class A Multi-Family Apartment Building.”

The Petitioner’s appeal is submitted on the basis of *Valuation*, and utilizes the *Income Approach* to achieve its valuation. The Petitioner testified that the main issue in this case is OTR’s capitalization rate, which is too low for this “Vintage 1977” apartment building in this Uptown neighborhood, and that an overall rate of 6.1% is preferable. OTR utilizes its HR-1 “Fair” rate. The Petitioner testified that the Delta survey, the CBRE survey, and the recent sales of eight (8) multi-unit apartment buildings support his value of \$75,200,000, or, \$279,553 per unit.

The Assessor of Record was not present for the hearing. An Assessor representing OTR was present, and provided an Appraiser’s Summary Report for consideration. The Assessor of Record’s submission stated that “an adjustment to the potential gross income and expense ratio is necessary in order to provide better consistency and equalization based on market as well as in accordance with the last three prior income and expense filings. Adjustments were made to the PGI and expense ratio, which resulted in a reduction in the assessed value.” The reduction occurred as a result of the first level hearing, per the Assessor’s submission that further stated that OTR considered “all appropriate valuation approaches and recommends reducing the proposed assessment to \$85,979,260.” The OTR proposed assessment derives a per unit value of \$319,625.

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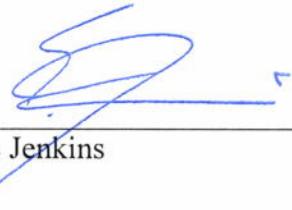
The Commission reviewed the written submissions and listened to the oral testimony of both parties. The Commission notes that The Ava Van Ness Apartments is described as follows:

“ Unique floor plans with step-down living rooms; balconies or patios in every apartment; fully equipped fitness center with cardio and strength equipment, tennis courts, outdoor swimming pool with sundeck; laundry rooms available on each floor; walk to Vann Ness-UDC metro.” The Commission notes that OTR’s “HR1/Average” capitalization rate is 4.8% (loaded), and that OTR utilizes a higher loaded capitalization rate, “HR1/Fair,” or 5.28% (loaded), in valuing this asset. The Petitioner submits eight (8) comparable properties that have sold in calendar year 2014, two (2) are Class B properties and six are Class A apartment buildings, and a very detailed “Cap Rate Sales Chart and Survey Summary.” The OTR Pertinent Data Book provides the conclusions of OTR’s market studies categorizing the apartment types, base cap rates, and adjusted cap rates based on, but not limited to, overall condition, desirability, location and utility. The Commission, considering the Uptown West location of the subject property, the overall condition, desirability, and utility of the subject, has determined that the Class A designation may be more appropriate when evaluating its Class. It appears that OTR’s capitalization rate is the main issue in this case, and the Commission accepts the analysis provided by OTR which uses empirical income/expense data in its study when developing its capitalization rates. The Commission finds that surveys may develop their cap rates with different criteria than that used by OTR. For the aforementioned reasons, the Commission has determined that relying upon surveys and capitalization rates reported by CoStar may not be conclusive, and therefore, OTR’s proposed assessment for the Tax Year 2016 is hereby sustained.

COMMISSIONER SIGNATURES


Cliftine Jones


Alvin Jackson


Eric Jenkins

FURTHER APPEAL PROCEDURES

Petitioners have the right to appeal from an adverse decision of the Commission to the Superior Court of the District of Columbia under the applicable provisions of the D.C. Code. Appeals to Superior Court must be filed no later than September 30th of the tax year. In order to file an appeal with the D.C. Superior Court, petitioners must pay full year taxes to the Office of Tax and Revenue.

Government of the District of Columbia
REAL PROPERTY TAX APPEALS COMMISSION

Notice of Decision

Tax Year 2016



Date: 12/17/2015

SMITH PROPERTY HOLDINGS KENMORE LP
671 N GLEBE RD STE 800
ARLINGTON, VA 222032138

Square: 2243 Suffix: Lot: 0066
Property Address: 2950 VAN NESS ST NW

This notice is to inform you of the result of your real property assessment hearing, which was held before the Real Property Tax Appeals Commission.

Your property's proposed market value based upon the first level appeal with the Real Property Assessment Division is:

2	13,957,650	3	72,021,610	4	85,979,260
Land		Improvements		Total Proposed Value	

As a result of the hearing before the REAL PROPERTY TAX APPEALS COMMISSION, your property assessment is:

5	13,957,650	6	72,021,610	7	85,979,260
Land		Improvements		Total Proposed Value	

Cliftine Jones - Commissioner
Alvin Jackson - Commissioner
Eric Jenkins - Commissioner

Petitioners have the right to appeal from an adverse decision of the Commission to the Superior Court of the District of Columbia under applicable provisions of the D.C. Code.

Appeals to the D.C. Superior Court must be filed no later than September 30th of the same tax year. In order to file an appeal with the D.C. Superior Court, petitioners must pay full year taxes to the Office of Tax & Revenue.