



Real Property Tax Appeals Commission

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DISTRICT OF COLUMBIA REAL PROPERTY
TAX APPEALS COMMISSION (DC RPTAC)

IN ACCORDANCE WITH Section §47-825.01a of the District of Columbia Tax and Revenue Code, you are 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: September 28, 2015 Decision Date: October 6, 2015

Legal Description of Property

Square: 0453 Lot: 2012

Property Address: 675 H Street, NW

Table with 4 columns: ORIGINAL ASSESSMENT, FINAL ASSESSMENT, Land, Building, Total. Values include 9,405,000, 33,520,790, 42,825,790 and 9,405,000, 39,461,000, 48,866,000.

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 value date for tax year 2016. Pursuant to statute, the Petitioner must demonstrate by a preponderance of the evidence that the proposed assessment by the Office of Tax and Revenue (OTR) fails to represent the estimated market value of the property.

The subject property is a retail condominium which is leased by three commercial tenants. The property is located within the Arch Square commercial condominium complex which is situated at the northeast corner of 7th & H Streets NW (across the street from Gallery Place). The building was originally built in the 1890's but was extensively renovated in 2013. The Assessor reports that the subject unit (Lot 2012) was sold with Lot 2013 (which consists of 25,593 sf of office space), in February 2015, for a total of \$106,000,000. However, this appeal only addresses the retail space which is leased to the following tenants who occupy a total of 30,736 sf of area that is allocated as follows:

- 1. Walgreens 22,958 sf
2. Sports Zone Elite 1,796 sf
3. Panera Bread 5,982 sf
Total Area 30,736 sf

Although the Assessor indicates that the area should total 36,227 sf, based on his review of the plats and plans from the condominium subdivision, the Commission was compelled to accept the Petitioner's calculation since it is supported by the property's rent roll. The Assessor also indicated that he had inspected the property and "discovered that the below grade space is not basement storage space, but is actually a part of the Walgreens retail space." Prior to the inspection, OTR apparently assumed that the space was unfinished storage space. Whereas the Petitioner's valuation analysis separates the basement area as storage space and assigns a nominal value to that space, the rent roll does not make any such distinction between the basement area and retail space. Therefore, the

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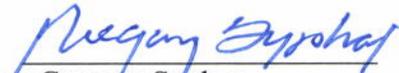
space that Walgreens occupies and leases for \$126.21 per square foot includes the basement without exception. OTR’s tax record indicates that the land area attributable to the unit totals to 6,867 sf and is zoned C-3-C.

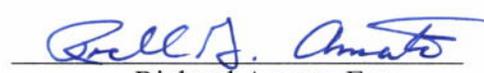
The Petitioner filed its appeal based on the issue of valuation and used the Income Approach to support its value estimate. The Petitioner’s analysis used all of the same imputations as the Assessor, except for the square footage. After having reviewed the evidence, and considered the testimony of both parties, the Commission decided to accept the actual rents and square footage as they are presented by the property’s rent roll. Based on that rent roll, the Commission recalculated the Petitioner’s and OTR’s income analyses using the property’s actual reported rent (averaging \$129.68/sf), rather than the \$126.73 rental rate both parties use in their analyses. The rent adjustment results in the following market value estimate:

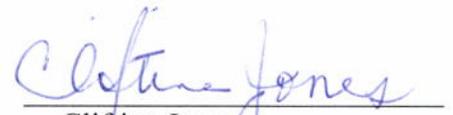
Potential Gross Income (PGI)	\$129.68/sf x 30,736 sf =	\$3,985,844.00
Vacancy & Credit Loss (-5%)		(\$199,292.00)
Effective Gross Income (EGI)		\$3,786,552.00
Operating Expenses (-\$14.29/sf)		(\$439,217.00)
Net Operating Income (NOI)		\$3,347,335.00
Capitalization		
	\$3,347,335.00 ÷ 6.85% =	\$48,866,204.00
	Stabilized Value Estimate	\$48,866,000.00

Based upon the results of this analysis, the Commission has increased the proposed assessment from the current \$42,825,790 to \$48,866,000 for TY 2016.

COMMISSIONER SIGNATURES


Gregory Syphax


Richard Amato, Esq.


Cliftine Jones

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: 10/08/2015

JEMAL MCCAFFERY RUDDEN L
2200 CLARENDON BLVD STE 1125
ARLINGTON, VA 222013381

Square: 0453 Suffix: Lot: 2012
Property Address: 0675 H 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 9,405,000	3. 33,420,790	4 42,825,790
Land	Improvements	Total Proposed Value

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

5 9,405,000	6. 39,461,000	7 48,866,000
Land	Improvements	Total Proposed Value

Gregory Syphax - Commissioner
Richard Amato, Esq. - Commissioner
Cliftine Jones - Commissioner

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