



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 17, 2015	
Legal Description of Property			
Square: 0486 Lot: 2001			
Property Address: 770 5 th Street NW #R1			
ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	17,967,710	Land	17,967,710
Building	64,525,210	Building	64,525,210
Total	\$ 82,492,920	Total	\$ 82,492,920

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 Avalon Gallery Place Apartments, is an eleven-story, (per the Petitioner) Luxury High-Rise, Class A building, consisting of 203 units, with a mix of 11 efficiency units, 113 one-bedroom units, 75 two-bedroom units, and 4 three-bedroom units. The building was constructed in 2003, has a GBA of 224,570 sf, and is situated on a land area of 0.55 acres, with parking. The subject property is located in the Downtown/Penn Quarter/Chinatown Submarket. The subject property is operated as one economic unit, including Lots 001, 2002, and 2003. 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 it contends is too low and, further, that the comparable sales provided by both the Petitioner and OTR do not support OTR’s proposed assessment.

OTR provided an Appraiser’s Summary Report which stated that the 203 unit residential apartment condo also includes 9,144 square feet of retail space, and a parking garage. The Assessor stated that the “property was valued using the income method for a total value of \$103,116,150, based upon market rents, vacancy, and expenses. The market derived NOI is capitalized by a market derived capitalization rate of 4.8% to conclude the value.” The Assessor testified that OTR’s NOI and Petitioner’s NOI are very similar, and that the cap rate is the issue in this case. The Assessor testified that the capitalization rates are derived differently, and thus, different conclusions are derived. The Assessor submitted that “for example, the owner of Park Place may have used a higher rent and lower expenses than OTR when purchasing the property. OTR may have been more conservative in the rents and higher on the expense, but the sales price is the same. With a lower NOI used, the capitalization rate would be lower. Mixing methodologies is incorrect. The value should be sustained.”

Legal Description of Property

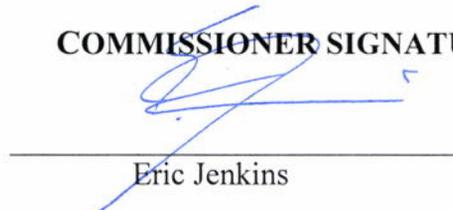
Square: 0486 Lot: 2001

Property Address: 770 5th Street NW #R1

The Commission reviewed the written submissions and listened to the oral testimony of both parties. The Commission notes that the Petitioner stated that his comparable sales submitted were newer than the subject, and that there were no sales that support OTR's 3.95% (unloaded) capitalization rate. The Petitioner presented CoStar capitalization rates and the Assessor testified that there is no methodology provided as to how CoStar derived its rates, and that their rates are based on Pro Formas, not actuals. The Commission is aware that the subject's popular Chinatown location is known as the Times Square of the District, is a short distance from the Gallery Place and Chinatown Metro Station, and close to the Verizon center. The subject offers superb amenities such as washers and dryers in every unit, gourmet kitchens, state of the art fitness center, a library, a landscaped rooftop terrace, on-site retail shopping, and a resident business center. Delta states that it is not the sole or primary source of the District's capitalization rate conclusions. Delta uses Pro Formas, whereas OTR uses actuals. The Petitioner provided a very detailed review of Class A comparable sales; however, it is not clear as to the methodologies used to calculate the capitalization rates utilized. The Assessor testified that OTR uses empirical data, actual income and expense information obtained from the income and expense reports filed with the Office of Tax and Revenue, under the penalty of perjury. The Commission has determined that, although the Petitioner's argument is very persuasive, and, after considering the Petitioner's detailed sales chart of comparable Class A properties, due to the lack of information from CoStar as to how it determined its capitalization rate, i.e., the methodology utilized in computing its capitalization rates, the Commission relies on the actual income and expense analyses considered by OTR as the more accurate of the two methodologies. Accordingly, the proposed assessment for the Tax Year 2016 is hereby sustained.

COMMISSIONER SIGNATURES


Cliftine Jones


Eric Jenkins


Alvin Jackson

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

Avalon Bay Communities Inc
671 N GLEBE RD STE 800
ARLINGTON, VA 222032138

Square: 0486 Suffix: Lot: 2001
Property Address: 0770 5TH 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. 17,967,710	3. 64,525,210	4. 82,492,920
Land	Improvements	Total Proposed Value

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

5. 17,967,710	6. 64,525,210	7. 82,492,920
Land	Improvements	Total Proposed Value

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

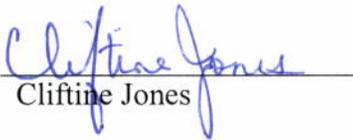
Legal Description of Property

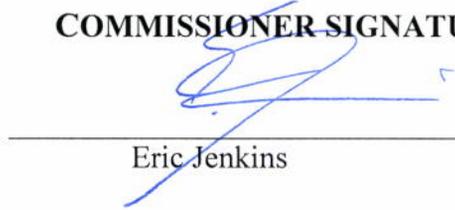
Square: 0486 Lot: 2002

Property Address: 770 5th Street NW #C1

The Commission reviewed the written submissions and listened to the oral testimony of both parties. The Commission notes that the Petitioner stated that his comparable sales submitted were newer than the subject, and that there were no sales that support OTR’s 3.95% (unloaded) capitalization rate. The Petitioner presented CoStar capitalization rates and the Assessor testified that there is no methodology provided as to how CoStar derived its rates, and that their rates are based on Pro Formas, not actuals. The Commission is aware that the subject’s popular Chinatown location is known as the Times Square of the District, is a short distance from the Gallery Place and Chinatown Metro Station, and close to the Verizon center. The subject offers superb amenities such as washers and dryers in every unit, gourmet kitchens, state of the art fitness center, a library, a landscaped rooftop terrace, on-site retail shopping, and a resident business center. Delta states that it is not the sole or primary source of the District’s capitalization rate conclusions. Delta uses Pro Formas, whereas OTR uses actuals. The Petitioner provided a very detailed review of Class A comparable sales; however, it is not clear as to the methodologies used to calculate the capitalization rates utilized. The Assessor testified that OTR uses empirical data, actual income and expense information obtained from the income and expense reports filed with the Office of Tax and Revenue, under the penalty of perjury. The Commission has determined that, although the Petitioner’s argument is very persuasive, and, after considering the Petitioner’s detailed sales chart of comparable Class A properties, due to the lack of information from CoStar as to how it determined its capitalization rate, i.e., the methodology utilized in computing its capitalization rates, the Commission relies on the actual income and expense analyses considered by OTR as the more accurate of the two methodologies. Accordingly, the proposed assessment for the Tax Year 2016 is hereby sustained.

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FURTHER APPEAL PROCEDURES

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Government of the District of Columbia
REAL PROPERTY TAX APPEALS COMMISSION

Notice of Decision

Tax Year 2016



Date: 12/17/2015

Avalon Bay Communities Inc
671 N GLEBE RD STE 800
ARLINGTON, VA 222032138

Square: 0486 Suffix: Lot: 2002
Property Address: 0770 5TH 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. 2,245,730	3. 8,065,890	4. 10,311,620
Land	Improvements	Total Proposed Value

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

5. 2,245,730	6. 8,065,890	7. 10,311,620
Land	Improvements	Total Proposed Value

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

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Hearing Date: October 30, 2015		Decision Date: December 17, 2015	
Legal Description of Property			
Square: 0486 Lot: 2003			
Property Address: 770 5 th Street NW #C1			
ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	2,245,730	Land	2,245,730
Building	8,065,890	Building	8,065,890
Total	\$ 10,311,620	Total	\$ 10,311,620

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 Avalon Gallery Place Apartments, is an eleven-story, (per the Petitioner) Luxury High-Rise, Class A building, consisting of 203 units, with a mix of 11 efficiency units, 113 one-bedroom units, 75 two-bedroom units, and 4 three-bedroom units. The building was constructed in 2003, has a GBA of 224,570 sf, and is situated on a land area of 0.55 acres, with parking. The subject property is located in the Downtown/Penn Quarter/Chinatown Submarket. The subject property is operated as one economic unit, including Lots 001, 2002, and 2003. 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 it contends is too low and, further, that the comparable sales provided by both the Petitioner and OTR do not support OTR’s proposed assessment.

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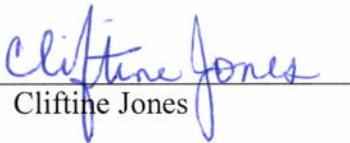
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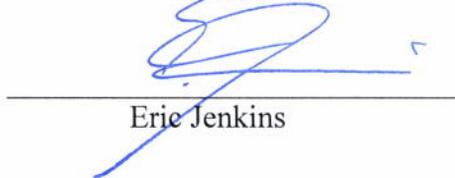
Square: 0486 Lot: 2003

Property Address: 770 5th Street NW #C1

The Commission reviewed the written submissions and listened to the oral testimony of both parties. The Commission notes that the Petitioner stated that his comparable sales submitted were newer than the subject, and that there were no sales that support OTR’s 3.95% (unloaded) capitalization rate. The Petitioner presented CoStar capitalization rates and the Assessor testified that there is no methodology provided as to how CoStar derived its rates, and that their rates are based on Pro Formas, not actuals. The Commission is aware that the subject’s popular Chinatown location is known as the Times Square of the District, is a short distance from the Gallery Place and Chinatown Metro Station, and close to the Verizon center. The subject offers superb amenities such as washers and dryers in every unit, gourmet kitchens, state of the art fitness center, a library, a landscaped rooftop terrace, on-site retail shopping, and a resident business center. Delta states that it is not the sole or primary source of the District’s capitalization rate conclusions. Delta uses Pro Formas, whereas OTR uses actuals. The Petitioner provided a very detailed review of Class A comparable sales; however, it is not clear as to the methodologies used to calculate the capitalization rates utilized. The Assessor testified that OTR uses empirical data, actual income and expense information obtained from the income and expense reports filed with the Office of Tax and Revenue, under the penalty of perjury. The Commission has determined that, although the Petitioner’s argument is very persuasive, and, after considering the Petitioner’s detailed sales chart of comparable Class A properties, due to the lack of information from CoStar as to how it determined its capitalization rate, i.e., the methodology utilized in computing its capitalization rates, the Commission relies on the actual income and expense analyses considered by OTR as the more accurate of the two methodologies. Accordingly, the proposed assessment for the Tax Year 2016 is hereby sustained.

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Notice of Decision

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