



### Real Property Tax Appeals Commission

IN ACCORDANCE WITH Section 47.825.1 of the District of Columbia Statutes you Are hereby notified of your assessment for the current year **2013** as finalized by the Real Property Tax Appeals Commission for the property described. If YOU WISH TO APPEAL THIS ASSESSMENT FURTHER, SEE THE INFORMATION BELOW

Date: January 31, 2013

#### Legal Description of Property

Square: 0027 Lot: 0823

Property Address: 2430 Pennsylvania Avenue, NW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	13,693,800	Land	13,693,800
Building	35,356,600	Building	31,152,200
Total	\$ 49,050,400	Total	\$ 44,846,000

**Rationale:** The subject property is the Melrose Hotel located in the "West End" of the Downtown CBD near the corner of 25<sup>th</sup> & Pennsylvania Avenue; three blocks east of Georgetown. The building was constructed in 1950 and renovated (according to tax record) in 2002. The hotel contains approximately 164,017 sq. ft. of gross building area and has 240-rooms. The lot consists of 22,823 sq. ft. of land area. The appeal is submitted on the basis of *Valuation*. The Petitioner provides an Income Analysis to support the claim that the proposed assessment by the Office of Tax & Revenue is overstated.

The Commission reviewed the Petitioner's analysis and compared it to that of the Assessor for the Office of Tax & Revenue (OTR) who presented a *revised* analysis of the property at the hearing (adjustment for the Cost of Trade from .87% of gross revenue to 3% was the only revision). The Commission finds that the two analyses compare favorably to each other with the exception of *Food and Beverage* income and the *Cost of Trade* adjustment that causes the Assessor's NOI to be about 18% higher than the Petitioner's NOI. However, the main difference that separates their final conclusions of value is the selection of the appropriate capitalization rate (cap rate).

The Petitioner's use of a 9.5% cap rate and the Assessor's use of an 8.0% cap rate are both rates which can be supported by the PriceWaterhouseCooper - Korpaczy Real Estate Investor Survey for Hotels that is published in OTR's TY 2013 Pertinent Data Book. The Petitioner uses a higher rate to account for many of the issues presented at the hearing that included, but not limited to, declining revenues. Acknowledging some of the difficulties associated with the hotel's operation, the Commission finds that the cap rate should be adjusted to upward in order to reflect a more accurate estimate of the property's market value. The Proposed assessment has therefore been reduced for Tax Year 2013.

#### COMMISSIONER SIGNATURES

May Chan

Frank Sanders

Gregory Syphax

#### 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 30<sup>th</sup> of the same 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.



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Date: December 19, 2012

**Legal Description of Property**

Square: 0116 Lot: 0074

Property Address: 1220 19<sup>th</sup> Street NW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	19,932,900	Land	19,932,900
Building	9,536,980	Building	6,849,220
Total	\$ 29,469,880	Total	\$ 26,782,120

**Rationale:**

Pursuant to DC Code § 47-825.01a(c)(1)(B), the Stipulation Agreement entered into by the Office of Tax and Revenue and the Petitioner is accepted. The Stipulation Agreement resolves the matter of the Tax Year 2013 appeal.

**COMMISSIONER SIGNATURE**

  
Richard Amato, Esq.

**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 30<sup>th</sup> of the same 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  
 OFFICE OF THE CHIEF FINANCIAL OFFICER  
 OFFICE OF TAX AND REVENUE  
 REAL PROPERTY TAX ADMINISTRATION



**RPTAC ASSESSMENT STIPULATION FORM**

Square	116	Suffix		Lot (s)	74
Property Address	1220 19 <sup>th</sup> Street NW				
Petitioner	WRIT LP Washington Real Estate				

**STIPULATION AGREEMENT**

IT IS HEREBY AGREED BY AND BETWEEN THE PETITIONER AND THE DISTRICT OF COLUMBIA THAT IN ORDER TO EXPEDITIOUSLY SETTLE THIS MATTER, EACH PARTY AGREES TO STIPULATE TO THE ESTIMATED MARKET VALUE FOR THE SUBJECT PROPERTY FOR TAX YEAR 2013 AS FOLLOWS:

	PROPOSED ASSESSED VALUE (Assessed value after First Level)	STIPULATED ASSESSED VALUE
LAND	\$19,932,900	\$19,932,900
IMPROVEMENTS	\$9,536,980	\$6,849,220
<b>TOTAL</b>	<b>\$29,469,880</b>	<b>\$26,782,120</b>

STIPULATED PERCENTAGE CHANGE: 9.12 % STIPULATED VALUE CHANGE \$ 2,687,760

JUSTIFICATION: OTR reevaluated the assessed value of the subject property based on the property's most recent income and expense statement and the historical performance of the property.

BY ENTERING INTO THIS STIPULATION AGREEMENT, THE PARTIES AGREE THAT UPON ACCEPTANCE BY THE PARTIES AND THE REAL PROPERTY TAX APPEALS COMMISSION'S ADOPTION OF THE PARTIES' STIPULATED ASSESSMENT, THAT VALUE SHALL BECOME THE ASSESSED VALUE AND NEITHER PARTY, ITS HEIRS, ASSIGNS OR SUCCESSORS SHALL CONTEST THIS VALUE IN FURTHER HEARINGS BEFORE THE REAL PROPERTY TAX APPEALS COMMISSION OR APPEAL SUCH VALUE TO ANY COURT.

**FOR THE DISTRICT OF COLUMBIA:**

APPRAISER: \_\_\_\_\_

*[Signature]*

Date: 12/14/12

SUPERVISORY APPRAISER: \_\_\_\_\_

*[Signature]*

Date: 12/14/12

(All stipulations, Gen. Com. stipulations must originate with Supervisory Appraiser for changes greater than 25% or over \$4 million. Major Commercial stipulations must originate with Supervisory Appraiser for changes greater than 25% or over \$12 million.)

APPEALS & LITIGATION MANAGER/

RESIDENTIAL MANAGER: \_\_\_\_\_

Appeals & Litigation Manager (Commercial properties where value change is greater than 10% or over \$5 million.)  
Residential Manager (All stipulations)

Date: \_\_\_\_\_

CHIEF APPRAISER: \_\_\_\_\_

(Properties where value change is greater than 20% for Residential; greater than 20% or over \$4 million for Gen. Com. greater than 20% or over \$12 million for Major Commercial.)

Date: \_\_\_\_\_

DIRECTOR: \_\_\_\_\_

(Properties where value change is greater than 30% or over \$20 million.)

Date: \_\_\_\_\_

**FOR THE PETITIONER:**

OWNER/AGENT: \_\_\_\_\_

*[Signature]*

Date: 12/14/12

AGENT'S COMPANY NAME: \_\_\_\_\_



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Date: January 30, 2013

**Legal Description of Property**

Square: 0221 Lot: 0818

Property Address: 734 15<sup>th</sup> Street, NW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	9,502,500	Land	9,502,500
Building	14,187,440	Building	11,958,600
Total	\$ 23,689,940	Total	\$ 21,461,100

**Rationale:**

Pursuant to statute, the Petitioner must demonstrate by the preponderance of the evidence that the proposed Tax Year 2013 assessment of the real property by the Office of Tax and Revenue (OTR) does not represent the estimated value of the property as of the January 1, 2012 valuation date.

The subject property is a multi-tenanted office building known as The Walker Building which was constructed in 1983. The issues presented by the Petitioner are OTR's amount for other income is not applicable and OTR's capitalization rate is too low. The Commission reviewed the subject property's income and expense data and the other documentation submitted by the parties.

The Petitioner supports its argument for no "other income" with the most recently submitted Income and Expense form not showing any other income being reported. The Petitioner fails to show that a lower capitalization rate should be considered. Factoring in the other income issue, the Commission finds that a reduction to the Tax Year 2013 assessment is warranted.

**COMMISSIONER SIGNATURES**

Karla Christensen

Andrew Dorchester

Richard Amato, Esq.

**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 30<sup>th</sup> of the same 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.



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Date: January 30, 2013

**Legal Description of Property**

Square: 0222 Lot: 0019

Property Address: 725 15<sup>th</sup> Street NW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	4,129,130	Land	4,129,130
Building	1,047,090	Building	1,047,090
Total	\$ 5,176,220	Total	\$ 5,176,220

**Rationale:**

Pursuant to statute, the Petitioner must demonstrate by the preponderance of the evidence that the proposed Tax Year 2013 assessment of the real property by the Office of Tax and Revenue (OTR) does not represent the estimated value of the property as of the January 1, 2012 valuation date.

The subject property is a multi-tenanted office building with no parking constructed in 1906. The issues presented by the Petitioner are the expense allowance and capitalization rate are too low. The Commission reviewed the subject property's income and expense data and the other documentation submitted by the parties.

The Petitioner's argument for an increased expense allowance is unsubstantiated as OTR uses a stabilized expense allowance based on the Income and Expense report most recently submitted and for the previous year. The Petitioner fails to show that a lower capitalization rate should be considered.

Therefore, the Commission sustains the Tax Year 2013 assessment.

**COMMISSIONER SIGNATURES**

Karla Christensen

Andrew Dorchester

Richard Amato, Esq.

**FURTHER APPEAL PROCEDURES**

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**Legal Description of Property**

Square: 0222 Lot: 0027

Property Address: 1415 New York Avenue, NW (aka 1425 New York Avenue, NW)

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	46,396,000	Land	46,396,000
Building	78,402,330	Building	68,503,415
Total	\$ 124,798,330	Total	\$ 114,899,415

**Rationale:**

Pursuant to statute, the Petitioner must demonstrate by the preponderance of the evidence that the proposed Tax Year 2013 assessment of the real property by the Office of Tax and Revenue (OTR) does not represent the estimated value of the property as of the January 1, 2012 valuation date.

The subject property is a mid-block office building leased to GSA under two leases. The issues presented by the Petitioner are the net rentable area is overstated; the expense allowance is too low; the capital expenditures are not fully considered; the lease up deductions are too low; and the capitalization rate is too low. The Commission reviewed the subject property's income and expense data and the other documentation submitted by the parties.

Prior to the hearing, the OTR revised their analysis which included correcting the net rentable area, increasing the expense allowance, removing the capital expenditures consideration; and increasing the capitalization rate. These changes reduced the value to \$114,899,415, which the OTR recommended the Commission accept. The OTR removed the capital expenditures consideration due to an inconsistent list of projects and lack of adherence to project timeliness over the last four years. Lease up deduction assumptions in the OTR's revised analysis did not change as the allowances are market oriented for a Class B building and correlate with the market rent considered. The Commission finds these revisions to be acceptable, and therefore, accepts the OTR's Recommended Value of \$114,899,415 as the Tax Year 2013 assessment.

**COMMISSIONER SIGNATURES**

Karla Christensen

Andrew Dorchester

Richard Amato, Esq.

**FURTHER APPEAL PROCEDURES**

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**Legal Description of Property**

Square: 0247 Lot: 0093

Property Address: 1111 14<sup>th</sup> Street NW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	6,540,000	Land	
Building	9,152,840	Building	
Total	\$ 15,692,840	Total	\$

**Rationale:** Pursuant to statute, the Petitioner must demonstrate by the preponderance of the evidence that the proposed Tax Year 2013 assessment of the real property by the Office of Tax and Revenue (OTR) does not represent the estimated value of the property as of the January 1, 2012 valuation date.

The subject property is a multi-tenanted office building with limited parking. The issues presented by the Petitioner are that the imputed office rent is too high; the expense allowance is too low; and the capitalization rate is too low. The Commission reviewed the subject property's income and expense data and the other documentation submitted by the parties.

The net rentable area was understated in the Petitioner's and the OTR's analysis which results in an understated net operating income in both valuations. The Petitioner's argument for a lower imputed office rent and higher capitalization rate was not persuasive, however, the one for an increased expense allowance was. The Commission factored in the net rentable area correction and a revised expense allowance to the analysis which results in a new value less than five percent (5%) of the proposed assessment.

Pursuant to D.C. Official Code §47-825.01a(e)(4)(C)(ii)(2012 Supp.), the Commission is authorized to "raise or lower the estimated value of any real property which it finds to be more than five per centum above or below the estimated market value" of the property. The new value does not meet the 5% threshold; therefore, the Commission sustains the proposed Tax Year 2013 assessment at the first level appeal.

**COMMISSIONER SIGNATURES**

Karla Christensen

Andrew Dorchester

Richard Amato, Esq.

**FURTHER APPEAL PROCEDURES**

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Date: January 31, 2013

**Legal Description of Property**

Square: 0247 Lot: 0096

Property Address: 1331 L Street NW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	18,253,970	Land	18,253,970
Building	81,142,000	Building	81,142,000
Total	\$ 99,395,970	Total	\$ 99,395,970

**Rationale:** The Real Property Tax Appeals Commission (RPTAC) reviewed the submissions by the Office of Tax & Revenue (OTR) and the Petitioner and listened to arguments from both parties at a hearing on December 19, 2012. The basis for this single lot appeal is equalization and valuation. The Petitioner argues that OTR’s imputed office rent is too high; OTR’s expense allowance is too low; OTR’s lease growth rate is incorrect; OTR’s capitalization analysis is flawed; the subject is located in a less desirable location than many nearby properties; and the sale-leaseback of the building’s former owner should be disregarded. The Petitioner, in its oral argument, cites *Safeway Stores, Inc. v. D.C.*, 525 A.2d. 207 (D.C. 1987) as a basis for why the leaseback should be disregarded.

The Petitioner’s *Safeway* argument is mitigated by the fact that OTR does not rely on the lease exclusively and backs its reliance on the leaseback with additional market evidence. The stabilized income and expense analysis OTR performs appears reasonable and supported and properly take into account the pass-throughs that affect all the leases in the subject, which are triple net. OTR’s adjustment to the lease growth rate is reasonable given OTR’s approach. OTR’s capitalization (cap) rate argument is that OTR “robotically” choses the lowest cap from the Delta Associates Study. No evidence was presented to back this claim. Further, while OTR’s cap rate is low in the range, it is not the range’s lowest rate. The Petitioner argues that the subject’s correct cap rate should be the highest in Delta’s range, because it is an owner-occupied building. The Petitioner fails to make sufficient argument to negate OTR’s cap rate selection.

The Petitioner did not meet its burden of proof in refuting OTR’s analysis and failed to show by a preponderance of the evidence that OTR’s analysis is erroneous. Therefore, the RPTAC sustains OTR’s proposed assessment value for Tax Year 2013.

**COMMISSIONER SIGNATURES**

Andrew Dorchester

Karla Christensen

Richard Amato, Esq.

**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 30<sup>th</sup> of the same 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.



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Date: January 31, 2013

**Legal Description of Property**

Square: 0247 Lot : 0101

Property address 1121 14<sup>th</sup> Street NW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	8,938,000	Land	8,938,000
Building	20,419,410	Building	20,419,410
Total	\$ 29,357,410	Total	\$ 29,357,410

**Rationale:**

The Real Property Tax Appeals Commission (RPTAC) reviewed the submissions by the Office of Tax & Revenue (OTR) and the Petitioner and listened to arguments from both parties at a hearing on December 19, 2012. The bases for the appeal are equalization and valuation. The Petitioner argues OTR's office rent is too high; OTR's expenses are too low; and OTR's capitalization rate is too low.

The Petitioner failed to show by a preponderance of the evidence that OTR's imputed office rent is erroneous. The Petitioner's reference to published capitalization (cap) rate surveys as a method to prove that OTR's cap rate is too low is not a sufficient means of refuting OTR's cap rate. The cap rate utilized by the OTR is derived in a manner that takes into consideration investor lease-up costs and/or capital expenditures which are not taken into account by published surveys. The OTR's accounting for these anticipated costs reduces the risk to the typical investor and therefore equates to a lower capitalization rate. The Commission acknowledges that the expenses used by OTR differ from the expenses reported on the 2013 income and expense (I&E) reports submitted by the Petitioner. The Commission has changed the worksheet to reflect the expenses reported on the I&E and recalculated the analysis, however; the resulting new value does not meet the 5% rule contained in D.C. Official Code § 47-825.01 a(e)(4)(C)(ii)(2012 Supp.) This code provision only authorizes the Commission to "raise or lower the estimated value of any real property, which it finds to be more than five per centum above or below the estimated market value" of the property. See *1776 K Street Associates v. District of Columbia*, 446 A.2d 1114, 1116 (D.C. 1982). Therefore, the proposed 2013 tax year assessment is sustained.

**COMMISSIONER SIGNATURES**

Andrew Dorchester

Karla Christensen

Richard Amato, Esq.

**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 30<sup>th</sup>** of the same 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.



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Date: January 31, 2013

**Legal Description of Property**

Square: 0247 Lot: 0873

Property Address: 1155 14<sup>th</sup> Street NW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	13,930,000	Land	13,930,000
Building	30,392,530	Building	30,392,530
Total	\$ 44,322,530	Total	\$ 44,322,530

**Rationale:**

The Real Property Tax Appeals Commission (RPTAC) reviewed the submissions by the Office of Tax & Revenue (OTR) and the Petitioner and listened to arguments from both parties at a hearing on December 19, 2012. The basis for this single lot appeal is equalization and valuation. The Petitioner argues that OTR's deductions for "return on FF&E" and "personal property taxes on FF&E" are understated and that OTR's capitalization rate analysis is flawed. The Petitioner argues that the return on FF&E is more than double what OTR's accounting for it; and that personal property taxes on FF&E are nearly double OTR's accounting. The net result of these differences is a net operating income that the Petitioner argues is approximately \$100,000 higher than OTR's estimate. The Petitioner provides insufficient documentation and explanation to properly establish its claims. The remainder of the value difference between OTR and the Petitioner lies mostly with the capitalization (cap) rate. The Petitioner argues that cap rate surveys show the subject's cap rate should be higher than the rate selected by OTR. Cap rate surveys are designed to be a reconciliatory resource in the valuation process and need to be weighed against other market information, in addition to the unique characteristics of the property being valued. The Petitioner failed to provide sufficient information to establish that the OTR's cap rate selection is erroneous. The Petitioner did not meet its burden of proof in refuting OTR's analysis and failed to show by a preponderance of the evidence that OTR's assessment analysis is erroneous. Therefore, the RPTAC sustains OTR's proposed assessment value for tax year 2013.

**COMMISSIONER SIGNATURES**

Andrew Dorchester

Karla Christensen

Richard Amato, Esq.

**FURTHER APPEAL PROCEDURES**

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Date: January 25, 2013

**Legal Description of Property**

Square: 0252 Lot: 0060

Property address: 1341 G Street NW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	26,656,000	Land	26,656,000
Building	14,621,720	Building	14,621,720
Total	\$ 41,277,720	Total	\$ 41,277,720

**Rationale:**

The Real Property Tax Appeals Commission (RPTAC) is charged with determining an estimated market value for the subject property as of January 1, 2012 (for tax year 2013). The basis of the appeal is valuation. The issues presented by the Petitioner were market rent, other income, capitalization rate, and leasing commissions. The Petitioner and the Office of Tax and Revenue (OTR) both presented income and expense analysis to support their values. After reviewing the updated income and expense reports submitted by the Petitioner, OTR reduced the office rent (not to the level requested by the Petitioner), corrected the other income, increased the vacancy rate, increased the net rentable area to match the rent roll, and removed the lease growth rate. The changes by OTR resulted in a slightly higher value, however OTR recommended no change in the assessment. The Petitioner presented no evidence to show that OTR's capitalization rate and leasing commission percentage is erroneous. The Petitioner only states that the property was built in 1903, has no parking, the components need increasing maintenance, repairs and replacements, and that the owners and tenants are "typically" represented by brokers who are paid for their services. The Commission finds that the Petitioner failed to show by a preponderance of the evidence that OTR's assessment is erroneous. Therefore, the proposed 2013 tax year assessment is sustained.

**COMMISSIONER SIGNATURES**

Frank Sanders

Gregory Syphax

May Chan

**FURTHER APPEAL PROCEDURES**

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Date: January 24, 2013

**Legal Description of Property**

Square: 0252 Lot: 0079

Property address: 1325 G Street NW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	66,664,000	Land	66,664,000
Building	63,635,970	Building	63,635,970
Total	\$ 130,299,970	Total	\$ 130,299,970

**Rationale:**

The Real Property Tax Appeals Commission (RPTAC) is charged with determining an estimated market value for the subject property as of January 1, 2012 (for tax year 2013). The basis of the appeal is valuation. The issues presented by the Petitioner were market rent, expenses, capital expenditures, leasing commissions and vacate probability. The Petitioner and the Office of Tax and Revenue (OTR) both presented income and expense analysis to support their values. After reviewing the updated income and expense reports (I&E) submitted by the Petitioner, OTR increased it's vacate probability and increased the net rentable area (NRA) for the property. The changes by OTR resulted in a slightly higher value; however OTR recommended no change in the assessment for the property. The Petitioner provided no substantial evidence to prove that OTR's market rent, capital expenditures, or leasing commissions used were erroneous. The Commission has increased the expenses to the dollar value reported on the 2013 I&E however the resulting new value does not meet the 5% rule contained in D.C. Official Code § 47-825.01 a(e)(4)(C)(ii)(2012 Supp.) This code provision only authorizes the Commission to "raise or lower the estimated value of any real property which it finds to be more than five per centum above or below the estimated market value" of the property. See *1776 K Street Associates v. District of Columbia*, 446 A.2d 1114, 1116 (D.C. 1982). Therefore; the proposed 2013 tax year assessment is sustained.

**COMMISSIONER SIGNATURES**

Frank Sanders

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Gregory Syphax

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Date: January 25, 2013

**Legal Description of Property**

Square: 0252 Lot: 0851

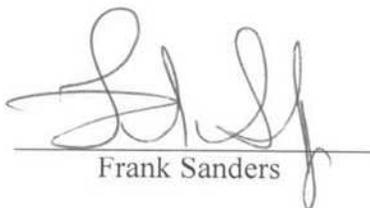
Property Address: 14<sup>th</sup> Street NW

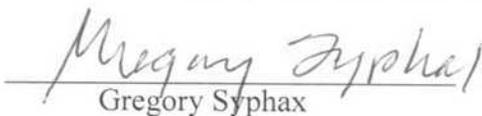
ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	648,000	Land	648,000
Building	226,800	Building	226,800
Total	\$ 874,800	Total	\$ 874,800

**Rationale:**

The Petitioner did not challenge the assessment. The proposed 2013 Tax Year assessment is sustained.

**COMMISSIONER SIGNATURES**

  
Frank Sanders

  
Gregory Syphax

  
May Chan

**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 30<sup>th</sup> of the same 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.



## Real Property Tax Appeals Commission

IN ACCORDANCE WITH Section 47.825.1 of the District of Columbia Statutes you  
Are hereby notified of your assessment for the current year **2013** as finalized by the  
Real Property Tax Appeals Commission for the property described. If YOU  
WISH TO APPEAL THIS ASSESSMENT FURTHER, SEE THE INFORMATION  
BELOW

Date: December 19, 2012

### Legal Description of Property

Square: 0267 Lot: 0042

Property Address: 1201 12<sup>th</sup> Street SW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	51,622,350	Land	51,622,350
Building	209,126,830	Building	209,126,830
Total	\$260,739,180	Total	\$260,739,180

### Rationale:

The Real Property Tax Appeals Commission (RPTAC) reviewed the submissions by the Office of Tax & Revenue (OTR) and the Petitioner and listened to arguments from both parties at a hearing on December 19, 2012. The basis for this single lot appeal is equalization and valuation. The Petitioner argues OTR does not properly account for below grade rent; OTR's imputed office rent is too high; OTR's imputed retail rent is too high; OTR's expense allowance is too low; OTR does not properly account for capital expenditures; OTR's vacate probability analysis is flawed; OTR's lease-up deductions are too low; OTR strayed from its own policy is failing to deduct for lease-up costs for below grade office space; and the OTR's cap rate analysis is in error. Richard Harps, MAI, CRE, a local real estate appraiser, testified at the hearing as an expert witness and provided testimony supporting the Petitioner's claims. OTR now recommends a value of \$260,595,680, by increasing the rehab costs in its analysis. DC OFFICIAL CODE §47-825.01a(e)(4)(C)(ii)(2012 Supp.) authorizes the commission to "raise or lower the estimated value of any real property which it finds to be more than five per centum above or below the estimated market value" of the property, OTR's new value does not meet this threshold.

OTR's rent analysis, contained in its worksheet, did not contain all of its assumptions and calculations, which lead to a disagreement at the hearing with the Petitioner contending that OTR did not make certain calculations and OTR contending that it did, but doesn't report the calculations on its worksheet. The Petitioner failed to prove that OTR did not make the calculations that OTR claims it did. OTR's income analysis, backed by market analysis that OTR provided, while questionable, is insufficiently negated by the Petitioner and was not proven to be erroneous. While the Petitioner claims a number of capital expenditures, which OTR does not consider, the Petitioner provides no support the costs or to establish the necessity of the expenditures. The Petitioner did not establish by a preponderance of the evidence that OTR's vacate probability, expense, lease-up, and lower level space analyses were erroneous. OTR's capitalization rate is reasonable and supported based on evidence presented.

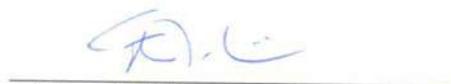
Square: 0267 Lot: 0042

Property Address: 1201 12<sup>th</sup> Street SW

The Petitioner did not meet its burden of proof in refuting OTR's analysis and failed to show by a preponderance of the evidence that OTR's assessment analysis is erroneous. Therefore, the RPTAC sustains OTR's proposed assessment value for tax year 2013.

**COMMISSIONER SIGNATURES**

  
\_\_\_\_\_  
Andrew Dorchester

  
\_\_\_\_\_  
Trent Williams

  
\_\_\_\_\_  
Richard Amato, Esq.

**FURTHER APPEAL PROCEDURES**

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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 30<sup>th</sup> of the same 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.



**Real Property Tax Appeals Commission**

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Date: January 31, 2013

**Legal Description of Property**

Square: 0268 Lot: 0813

Property Address: Maine Avenue SW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	263,900	Land	263,900
Building	-0-	Building	-0-
Total	\$ 263,900	Total	\$ 263,900

**Rationale:**

The Petitioner did not challenge the assessment for this lot. The Tax Year 2013 assessment is sustained.

**COMMISSIONER SIGNATURES**

Andrew Dorchester

Trent Williams

Richard Amato, Esq.

**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 30<sup>th</sup> of the same 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.



**Real Property Tax Appeals Commission**

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Date: January 31, 2013

**Legal Description of Property**

Square: 0299 Lot: 0832

Property Address: 1250 Maryland Avenue SW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	70,400,850	Land	70,400,850
Building	140,362,120	Building	140,362,120
Total	\$ 210,762,970	Total	\$ 210,762,970

**Rationale:** The Real Property Tax Appeals Commission (RPTAC) reviewed the submissions by the Office of Tax & Revenue (OTR) and the Petitioner and listened to arguments from both parties at a hearing on December 19, 2012. The basis for this single lot appeal is equalization and valuation. The Petitioner argues OTR’s imputed below-grade office rent and retail rent is too high; OTR’s expense allowance is too low; OTR does not properly consider capital expenditures; and the OTR’s capitalization (cap) rate analysis is in error. Richard Harps, MAI, CRE, a local real estate appraiser, testified at the hearing as an expert witness and provided testimony supporting the Petitioner’s claims. OTR now recommends an adjusted assessment of \$208,254,215. DC OFFICIAL CODE §47-825.01a (e)(4)(C)(ii)(2012 Supp.) authorizes the commission to “raise or lower the estimated value of any real property which it finds to be more than five per centum above or below the estimated market value” of the property, OTR’s new value does not meet this threshold.

The Petitioner fails to show the OTR’s below-grade office rent is erroneous, particularly given that current below-grade rents are in excess of OTR’s below-grade rent. Market support provided by OTR also sufficiently supports its retail rent analysis. The Petitioner fails to show by a preponderance of the evidence that OTR’s expense analysis is erroneous. The Petitioner provides insufficient support for its capital expenditure claim and does not show by a preponderance of the evidence the necessity of the capital expenditures or document the expected costs associated with them. The Petitioner did not meet its burden of proof on its capitalization rate argument by failing to prove that OTR’s classification of the subject is erroneous. The Petitioner did not meet its burden of proof in refuting OTR’s analysis and failed to show by a preponderance of the evidence that OTR’s assessment analysis is erroneous. Therefore, the RPTAC sustains OTR’s proposed assessment value for tax year 2013.

**COMMISSIONER SIGNATURES**

Andrew Dorchester

Trent Williams

Richard Amato, Esq.

**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 30<sup>th</sup> of the same 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.



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Date: January 31, 2013

**Legal Description of Property**

Square: 0299 Lot: 0833

Property Address: 445 12<sup>th</sup> Street, SW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	46,099,300	Land	46,099,300
Building	259,952,790	Building	259,952,790
Total	\$ 306,052,090	Total	\$ 306,052,090

**Rationale**

The Petitioner raises the following issues in this appeal: management office rent, capital expenditures, lease-up cost deductions, and capitalization rate. Prior to the Real Property Tax Appeals Commission (RPTAC) hearing, the Office of Tax and Revenue (OTR) made the following adjustments: management office rent and capital expenditures. The Commission finds that the Petitioner's Net Operating Income (NOI) is greater than that of OTR. The Commission also finds OTR's lease-up cost deductions and capitalization rate to be reasonable and supported by the market.

The OTR adjustments resulted in a reduction and a new OTR recommended value of \$304,311,022. OTR's new recommended value does not meet the five percent rule as contained in D.C. Official Code §47-825.01a(e)(4)(C)(ii)(2012 Supp.). The original assessment is therefore sustained.

**COMMISSIONER SIGNATURES**

Trent Williams

Andrew Dorchester

Richard Amato, ESq.

**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 30<sup>th</sup> of the same 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.



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Date: January 31, 2013

**Legal Description of Property**

Square: 0327 Lot: 0839

Property Address: 12<sup>th</sup> Street SW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	4,344,540	Land	4,344,540
Building	-0-	Building	-0-
Total	\$ 4,344,540	Total	\$ 4,344,540

**Rationale:**

The Petitioner did not challenge the proposed assessment applied to the property.

**COMMISSIONER SIGNATURES**

Trent Williams

Andrew Dorchester

Richard Amato, Esq.

**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 30<sup>th</sup> of the same 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.



**Real Property Tax Appeals Commission**

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Date: January 31, 2013

**Legal Description of Property**

Square: 0327 Lot: 0840

Property Address: 500 12<sup>th</sup> Street SW

**ORIGINAL ASSESSMENT**

**FINAL ASSESSMENT**

Land	45,698,770	Land	45,698,770
Building	171,906,000	Building	171,906,000
Total	\$ 217,604,770	Total	\$ 217,604,770

**Rationale**

The Petitioner raises the following issues in this appeal: expense allowance and capitalization rate. The Commission finds that the Office of Tax and Revenue (OTR) used a stabilized expense allowance that is supported by the market. Even more, the Petitioner's Net Operating Income (NOI) is similar to that of the OTR. The Commission also finds OTR's capitalization rate to be reasonable and supported by the market.

Based on both the hearing testimony and the evidence provided in this case, the Commission finds that the Petitioner failed to demonstrate by a preponderance of the evidence that OTR's proposed assessment is erroneous. Accordingly, the proposed tax year 2013 assessment is sustained.

**COMMISSIONER SIGNATURES**

Trent Williams

Andrew Dorchester

Richard Amato, Esq.

**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 30<sup>th</sup> of the same 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.



**Real Property Tax Appeals Commission**

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Date: January 31, 2013

**Legal Description of Property**

Square: 0327 Lot: 0841

Property Address: 550 12<sup>th</sup> Street SW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	67,047,000	Land	67,047,000
Building	135,044,230	Building	135,044,230
Total	\$ 202,091,230	Total	\$ 202,091,230

**Rationale**

The subject property recently sold in an arm’s length transaction on or about December 29, 2011. The purchase price supports the Office of Tax and Revenue’s income analysis for the subject property and OTR’s new recommended value of \$199,360,893.

Based on both the hearing testimony and the evidence provided in this case, the Commission finds that the Petitioner failed to demonstrate by a preponderance of the evidence that OTR’s proposed assessment is erroneous. Further, OTR’s new recommended value is less than 5% of the proposed assessment. Pursuant to D.C. Official Code §47-825.01a(e)(4)(C)(ii)(2012 Supp.), the Commission is only authorized to “raise or lower the estimated value of any real property which it finds to be more than five per centum above or below the estimated market value” of the property. The new value does not meet this threshold. Accordingly, the proposed tax year 2013 assessment is sustained.

**COMMISSIONER SIGNATURES**

Trent Williams

Andrew Dorchester

Richard Amato, Esq.

**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 30<sup>th</sup> of the same 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.



**Real Property Tax Appeals Commission**

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Date: January 31, 2013

**Legal Description of Property**

Square: 0386 Suffix: Lot: 0001

Property Address: 901 D Street, SW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	72,494,000	Land	72,494,000
Building	127,074,390	Building	120,104,373
Total	\$ 199,568,390	Total	\$ 192,598,373

**Rationale**

This is an appeal of a commercial office building assessment against a large office building in the L'Enfant Plaza complex in Southwest. The property faces large vacancies for calendar years 2014 and 2015, and the Office of Tax and Revenue ("OTR") recommends an increase in the capitalization rate it had applied to the property in making the tax year 2013 proposed assessment in order to reflect these anticipated vacancies. The resulting valuation of the property was \$192,598,373. The Commission accepts this recommendation as a reasonable conclusion of the estimated market value of the property for tax year 2013 and reduces the proposed assessed value accordingly.

**COMMISSION SIGNATURES**

Trent Williams

Andrew Dorchester

Richard Amato, Esq.

**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 30<sup>th</sup> 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.



**Real Property Tax Appeals Commission**

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Date: January 31, 2013

**Legal Description of Property**

Square: 0390 Lot: 0053

Property Address: 800 9<sup>th</sup> Street, SW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	14,340,750	Land	14,340,750
Building	21,945,610	Building	21,945,610
Total	\$ 36,286,360	Total	\$ 36,286,360

**Rationale:**

This is an appeal of a commercial office building assessment against a GSA large office building in Southwest. The Petitioner argues that both the expenses and the capitalization rate used by the Office of Tax and Revenue ("OTR") are too low. The Commission finds that the expenses allowed by OTR are reasonable, based on the actual expenses of the property and the OTR'S capitalization rate is reasonable since it takes into consideration investor lease-up costs and/or capital expenditures which are not taken into account by published surveys. The Commission, therefore, sustains the proposed assessment.

**COMMISSION SIGNATURES**

Trent Williams

Andrew Dorchester

Richard Amato, Esq.

**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 30<sup>th</sup> 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.



**Real Property Tax Appeals Commission**

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Date: January 31, 2013

**Legal Description of Property**

Square: 0464 Lot: 0026

Property Address: 300 7<sup>th</sup> Street SW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	27,391,000	Land	27,391,000
Building	27,674,810	Building	27,674,810
Total	\$ 55,065,810	Total	\$ 55,065,810

**Rationale:**

This is an appeal of a commercial office building assessment against a GSA large office building in Southwest. The Petitioner argues that both the expenses and the capitalization rate used by the Office of Tax and Revenue ("OTR") are too low. The Commission finds that the expenses allowed by OTR are reasonable, based on the actual expenses of the property and that OTR's capitalization rate is reasonable since it takes into consideration investor lease-up cost and/or capital expenditures which are not taken into account by published surveys. The Commission therefore sustains the proposed assessment.

**COMMISSIONER SIGNATURES**

  
Richard Amato, Esq.

  
Andrew Dorchester

  
Trent Williams

**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 30<sup>th</sup> of the same 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.



**Real Property Tax Appeals Commission**

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Date: January 24, 2013

**Legal Description of Property**

Square: 0456 Lot: 2070

Property Address: 620 F Street NW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	15,492,660	Land	15,492,660
Building	61,427,050	Building	61,427,050
Total	\$ 76,919,710	Total	\$ 76,919,710

**Rationale:**

The Real Property Tax Appeals Commission (RPTAC) is charged with determining the estimated value for the subject property as of January 1, 2012 (for tax year 2013). The Petitioner submits an appeal based on *Valuation* and focuses on the issues of estimated market rent and expenses. The Petitioner also challenges the claim made by the Assessor for the Office of Tax & Revenue (OTR) that the proposed assessment is supported by sales (on a price per square foot basis) of Class A buildings in the CBD which were sold in 2011.

The Petitioner and the OTR presented an Income Approach to support its estimate of value. The Commission reviewed both analyses and finds that the Petitioner fails to demonstrate that the market rent and expenses utilized by OTR are erroneous. The Commission also finds that the Petitioner is correct that the Assessor does not provide any market evidence to support his claim that the proposed assessment is supported by Class A buildings sold in the CBD in 2011. However, the Assessor's estimate of value relies on the results of The Income Approach and not on The Sales Comparison Approach. The Commission therefore sustains the proposed assessment for TY 2013.

**COMMISSIONER SIGNATURES**

Frank Sanders

Gregory Syphax

May Chan

**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 30<sup>th</sup> 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.



**Real Property Tax Appeals Commission**

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Date: January 31, 2013

**Legal Description of Property**

Square: 0858 Lot: 0864

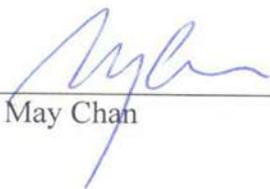
Property Address: 630 H Street NE

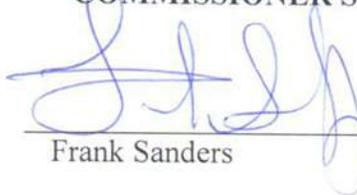
ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	6,604,920	Land	6,604,920
Building	2,788,300	Building	1,847,485
Total	\$ 9,393,220	Total	\$ 8,452,405

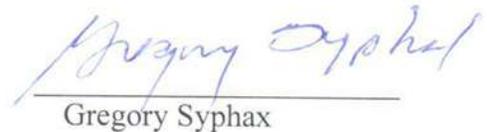
**Rationale:**

The Real Property Tax Appeals Commission (RPTAC) reviewed the submissions by the Office of Tax and Revenue and the Petitioner on December 20, 2012. Prior to the hearing, OTR adjusted the vacancy rate and operating expenses based on the information provided by the Petitioner's recent income and expense statement. The OTR therefore made revisions to its analysis which resulted in a recommended reduction in the value. The Petitioner and the OTR agreed at the hearing that that they would stipulate to the new value recommended by the Assessor. However, the stipulation was never completed. RPTAC accepts OTR's recommendation and reduces the proposed assessment for Tax Year 2013 accordingly.

**COMMISSIONER SIGNATURES**

  
\_\_\_\_\_  
May Chan

  
\_\_\_\_\_  
Frank Sanders

  
\_\_\_\_\_  
Gregory Syphax

**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 30<sup>th</sup> of the same 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.



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BELOW

Date: January 24, 2013

**Legal Description of Property**

Square: 0859 Lot: 0837

Property address: 601 H Street NE

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	14,099,720	Land	14,099,720
Building	8,781,620	Building	8,781,620
Total	\$ 22,881,340	Total	\$ 22,881,340

**Rationale:**

The Real Property Tax Appeals Commission (RPTAC) is charged with determining an estimated market value for the subject property as of January 1, 2012 (for tax year 2013). The basis of the appeal is valuation. The subject is part of one economic unit, comprising of three lots which sold September 9, 2011 for a sales price of \$51,579,140. The property appears to have sold in an arms-length market transaction. The Commission finds that the sales price is the best indication of value; however the sales price of falls within five percent of the proposed assessment. The five percent rule contained in D.C. OFFICIAL CODE §47-825.01 a(e)(4)(C)(ii)(2012 Supp.) only authorizes the Commission to “raise or lower the estimated value of any real property which it finds to be more than five per centum above or below the estimated market value” of the property. *See 1776 K Street Associates v. District of Columbia*, 446 A.2d 1114, 1116 (D.C. 1982). Therefore, the proposed TY 2013 assessment is sustained.

**COMMISSIONER SIGNATURES**

Frank Sanders

Richard Amato, Esq.

Gregory Syphax

**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 30<sup>th</sup> of the same 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.



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BELOW

Date: January 24, 2013

**Legal Description of Property**

Square: 0859 Lot: 0838

Property address: 625 H Street NE

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	4,825,660	Land	4,825,660
Building	3,129,770	Building	3,129,770
Total	\$ 7,955,430	Total	\$ 7,955,430

**Rationale:**

The Real Property Tax Appeals Commission (RPTAC) is charged with determining an estimated market value for the subject property as of January 1, 2012 (for tax year 2013). The basis of the appeal is valuation. The subject is part of one economic unit, comprising of three lots which sold September 9, 2011 for a sales price of \$51,579,140. The property appears to have sold in an arms-length market transaction. The Commission finds that the sales price is the best indication of value; however the sales price of falls within five percent of the proposed assessment. The five percent rule contained in D.C. OFFICIAL CODE §47-825.01 a(e)(4)(C)(ii)(2012 Supp.) only authorizes the Commission to “raise or lower the estimated value of any real property which it finds to be more than five per centum above or below the estimated market value” of the property. *See 1776 K Street Associates v. District of Columbia*, 446 A.2d 1114, 1116 (D.C. 1982). Therefore, the proposed TY 2013 assessment is sustained.

**COMMISSIONER SIGNATURES**

Frank Sanders

Richard Amato, Esq.

Gregory Syphax

**FURTHER APPEAL PROCEDURES**

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WISH TO APPEAL THIS ASSESSMENT FURTHER, SEE THE INFORMATION  
BELOW

Date: January 24, 2013

**Legal Description of Property**

Square: 0859 Lot: 0839

Property address: 645 H Street NE

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	13,879,920	Land	13,879,920
Building	9,366,650	Building	9,366,650
Total	\$ 23,246,570	Total	\$ 23,246,570

**Rationale:**

The Real Property Tax Appeals Commission (RPTAC) is charged with determining an estimated market value for the subject property as of January 1, 2012 (for tax year 2013). The basis of the appeal is valuation. The subject is part of one economic unit, comprising of three lots which sold September 9, 2011 for a sales price of \$51,579,140. The property appears to have sold in an arms-length market transaction. The Commission finds that the sales price is the best indication of value; however the sales price of falls within five percent of the proposed assessment. The five percent rule contained in D.C. OFFICIAL CODE §47-825.01 a(e)(4)(C)(ii)(2012 Supp.) only authorizes the Commission to “raise or lower the estimated value of any real property which it finds to be more than five per centum above or below the estimated market value” of the property. *See 1776 K Street Associates v. District of Columbia*, 446 A.2d 1114, 1116 (D.C. 1982). Therefore, the proposed TY 2013 assessment is sustained.

**COMMISSIONER SIGNATURES**

Frank Sanders

Richard Amato, Esq.

Gregory Syphax

**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 30<sup>th</sup> of the same 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.



**Real Property Tax Appeals Commission**

IN ACCORDANCE WITH Section 47.825.1 of the District of Columbia Statutes you Are hereby notified of your assessment for the current year **2013** as finalized by the Real Property Tax Appeals Commission for the property described. If YOU WISH TO APPEAL THIS ASSESSMENT FURTHER, SEE THE INFORMATION BELOW

Date: January 31, 2013

**Legal Description of Property**

Square: 1264E Lot: 0029

Property Address: 2510 Q Street NW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	5,434,960	Land	5,434,960
Building	8,548,490	Building	8,548,490
Total	\$ 13,983,450	Total	\$ 13,983,450

**Rationale:**

The subject property is an assistant living/retirement home facility which was originally built as a rental apartment building in 1924. The garden style building contains approximately 82,286 sq. ft. of gross building area and 92 rooms. According to tax record, the building was remodeled in 1980. The building sits on a 40,259 sq. ft. lot and is located in Georgetown.

The Petitioner contends that the proposed assessment is overstated due to insufficient net operating income caused by poor economic conditions; chronic vacancy rate stabilized at 20%; and poor physical condition of the building which requires substantial and immediate repairs. The Petitioner presents an Income Approach to support its estimate of value. The Assessor for the Office of Tax & Revenue (OTR) also presents an Income Approach analysis which was revised after the first level hearing to take into account for some of the issues that were raised by the Petitioner. The Assessor gave consideration to the extraordinary vacancy rate problem by significantly increasing the vacancy rate calculation and gave full consideration to the net present value (discounted @ 12% in 5 years) of the Petitioner’s projected costs for capital expenditures. The result of the Assessor’s revised analysis produced a value 4% higher than the proposed assessment. The assessor therefore recommended the proposed assessment be sustained.

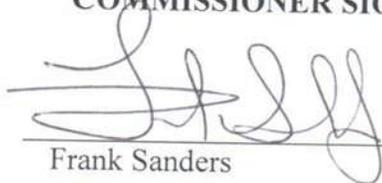
The Commission reviewed the income and expense forms submitted by the Petitioner along with the other documentation provided by the parties. The Commission finds that both the Petitioner and the OTR’s value estimates are primarily based on the business, “going concern” value of the subject instead of the real estate value; generally, an investor interested in acquiring the subject would value this asset from a highest and best use standpoint and not based on its current use. Still, it appears that the OTR has made adequate adjustments to account for the unique circumstances affecting the subject, and the Petitioner failed to demonstrate that the proposed assessment by OTR is erroneous. The Commission thereby sustains the proposed assessment for tax year 2013.

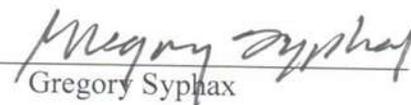
Square: 1264E Lot: 0029

Property Address: 2510 Q Street NW

**COMMISSIONER SIGNATURES**

  
\_\_\_\_\_  
May Chan

  
\_\_\_\_\_  
Frank Sanders

  
\_\_\_\_\_  
Gregory Syphax

**FURTHER APPEAL PROCEDURES**

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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 30<sup>th</sup> of the same 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.



**Real Property Tax Appeals Commission**

IN ACCORDANCE WITH Section 47.825.1 of the District of Columbia Statutes you Are hereby notified of your assessment for the current year **2013** as finalized by the Real Property Tax Appeals Commission for the property described. If YOU WISH TO APPEAL THIS ASSESSMENT FURTHER, SEE THE INFORMATION BELOW

Date: January 28, 2013

**Legal Description of Property**

Square: 1300 Lot: 2104

Property Address: 2150 Wisconsin Avenue NW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	209,810	Land	209,810
Building	306,300	Building	306,300
Total	\$ 516,110	Total	\$ 516,110

**Rationale:** The Real Property Tax Appeals Commission (RPTAC) is charged with determining an estimated market value for the subject property as of January 1, 2012 (for Tax Year 2013). The basis of the appeal is valuation. The subject property consist of two commercial condominium office units with three parking spaces which are located in an "all commercial" office condominium building (use code 56 office-condo-horizontal/tax class 002 commercial). The Petitioner argues that a superior office condo next door to the subject sold January 4, 2010 and that the subject is assessed at 43% higher than that unit. However, the Petitioner fails to identify the unit number or provide any physical evidence that identified that sale. The Commission searched the DC public records and finds no unit within the project that sold on January 4, 2010 for a sales price of \$710,750. This evidence was therefore disregarded.

The Petitioner further argues that "the assessed value of the garage units is out of equalization with assessments of comparable garage spaces located in the vicinity of the subject." The Petitioner uses the assessed values of spaces at 2141 Wisconsin Avenue NW as proof that the subject's spaces are over assessed. Since the majority of the units at 2141 Wisconsin are residential units (use code 17 residential-condo-vertical/tax class 001 residential) the comparison (commercial vs. residential) is considered unreliable. The Petitioner also argues that since the subject unit is an income producing property, the Office of Tax and Revenue (OTR) should value the property on the basis of the income approach and not on a cost approach. However, the OTR's valuation is not based on the cost approach, but is instead based on the market sales comparison approach, which the Commission believes to be the best method of valuation in this case. The Commission finds that the Petitioner fails to establish by a preponderance of the evidence that the proposed assessment for Tax Year 2013 is erroneous and therefore sustains the assessment.

**COMMISSIONER SIGNATURES**

Gregory Syphax

May Chan

Frank Sanders

**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 30<sup>th</sup> of the same 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.



**Real Property Tax Appeals Commission**

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Date: January 28, 2013

**Legal Description of Property**

Square: 1300 Lot: 2105

Property Address: 2150 Wisconsin Avenue NW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	241,270	Land	241,270
Building	352,610	Building	352,610
Total	\$ 593,880	Total	\$ 593,880

**Rationale:** The Real Property Tax Appeals Commission (RPTAC) is charged with determining an estimated market value for the subject property as of January 1, 2012 (for Tax Year 2013). The basis of the appeal is valuation. The subject property consist of two commercial condominium office units with three parking spaces which are located in an "all commercial" office condominium building (use code 56 office-condo-horizontal/tax class 002 commercial). The Petitioner argues that a superior office condo next door to the subject sold January 4, 2010 and that the subject is assessed at 43% higher than that unit. However, the Petitioner fails to identify the unit number or provide any physical evidence that identified that sale. The Commission searched the DC public records and finds no unit within the project that sold on January 4, 2010 for a sales price of \$710,750. This evidence was therefore disregarded.

The Petitioner further argues that "the assessed value of the garage units is out of equalization with assessments of comparable garage spaces located in the vicinity of the subject." The Petitioner uses the assessed values of spaces at 2141 Wisconsin Avenue NW as proof that the subject's spaces are over assessed. Since the majority of the units at 2141 Wisconsin are residential units (use code 17 residential-condo-vertical/tax class 001 residential) the comparison (commercial vs. residential) is considered unreliable. The Petitioner also argues that since the subject unit is an income producing property, the Office of Tax and Revenue (OTR) should value the property on the basis of the income approach and not on a cost approach. However, the OTR's valuation is not based on the cost approach, but is instead based on the market sales comparison approach, which the Commission believes to be the best method of valuation in this case. The Commission finds that the Petitioner fails to establish by a preponderance of the evidence that the proposed assessment for Tax Year 2013 is erroneous and therefore sustains the assessment.

**COMMISSIONER SIGNATURES**

Gregory Syphax

May Chan

Frank Sanders

**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 30<sup>th</sup> of the same 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.



**Real Property Tax Appeals Commission**

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Date: January 28, 2013

**Legal Description of Property**

Square: 1300 Lot: 2128

Property Address: 2150 Wisconsin Avenue NW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	24,000	Land	24,000
Building	9,330	Building	9,330
Total	\$ 33,330	Total	\$ 33,330

**Rationale:** The Real Property Tax Appeals Commission (RPTAC) is charged with determining an estimated market value for the subject property as of January 1, 2012 (for Tax Year 2013). The basis of the appeal is valuation. The subject property consist of two commercial condominium office units with three parking spaces which are located in an "all commercial" office condominium building (use code 56 office-condo-horizontal/tax class 002 commercial). The Petitioner argues that a superior office condo next door to the subject sold January 4, 2010 and that the subject is assessed at 43% higher than that unit. However, the Petitioner fails to identify the unit number or provide any physical evidence that identified that sale. The Commission searched the DC public records and finds no unit within the project that sold on January 4, 2010 for a sales price of \$710,750. This evidence was therefore disregarded.

The Petitioner further argues that "the assessed value of the garage units is out of equalization with assessments of comparable garage spaces located in the vicinity of the subject." The Petitioner uses the assessed values of spaces at 2141 Wisconsin Avenue NW as proof that the subject's spaces are over assessed. Since the majority of the units at 2141 Wisconsin are residential units (use code 17 residential-condo-vertical/tax class 001 residential) the comparison (commercial vs. residential) is considered unreliable. The Petitioner also argues that since the subject unit is an income producing property, the Office of Tax and Revenue (OTR) should value the property on the basis of the income approach and not on a cost approach. However, the OTR's valuation is not based on the cost approach, but is instead based on the market sales comparison approach, which the Commission believes to be the best method of valuation in this case. The Commission finds that the Petitioner fails to establish by a preponderance of the evidence that the proposed assessment for Tax Year 2013 is erroneous and therefore sustains the assessment.

**COMMISSIONER SIGNATURES**

Gregory Syphax

May Chan

Frank Sanders

**FURTHER APPEAL PROCEDURES**

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**Real Property Tax Appeals Commission**

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Date: January 28, 2013

**Legal Description of Property**

Square: 1300 Lot: 2129

Property Address: 2150 Wisconsin Avenue NW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	24,000	Land	24,000
Building	9,330	Building	9,330
Total	\$ 33,330	Total	\$ 33,330

**Rationale:** The Real Property Tax Appeals Commission (RPTAC) is charged with determining an estimated market value for the subject property as of January 1, 2012 (for Tax Year 2013). The basis of the appeal is valuation. The subject property consist of two commercial condominium office units with three parking spaces which are located in an "all commercial" office condominium building (use code 56 office-condo-horizontal/tax class 002 commercial). The Petitioner argues that a superior office condo next door to the subject sold January 4, 2010 and that the subject is assessed at 43% higher than that unit. However, the Petitioner fails to identify the unit number or provide any physical evidence that identified that sale. The Commission searched the DC public records and finds no unit within the project that sold on January 4, 2010 for a sales price of \$710,750. This evidence was therefore disregarded.

The Petitioner further argues that "the assessed value of the garage units is out of equalization with assessments of comparable garage spaces located in the vicinity of the subject." The Petitioner uses the assessed values of spaces at 2141 Wisconsin Avenue NW as proof that the subject's spaces are over assessed. Since the majority of the units at 2141 Wisconsin are residential units (use code 17 residential-condo-vertical/tax class 001 residential) the comparison (commercial vs. residential) is considered unreliable. The Petitioner also argues that since the subject unit is an income producing property, the Office of Tax and Revenue (OTR) should value the property on the basis of the income approach and not on a cost approach. However, the OTR's valuation is not based on the cost approach, but is instead based on the market sales comparison approach, which the Commission believes to be the best method of valuation in this case. The Commission finds that the Petitioner fails to establish by a preponderance of the evidence that the proposed assessment for Tax Year 2013 is erroneous and therefore sustains the assessment.

**COMMISSIONER SIGNATURES**

Gregory Syphax

May Chan

Frank Sanders

**FURTHER APPEAL PROCEDURES**

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**Real Property Tax Appeals Commission**

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BELOW

Date: January 28, 2013

**Legal Description of Property**

Square: 1300 Lot: 2130

Property Address: 2150 Wisconsin Avenue NW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	24,000	Land	24,000
Building	9,330	Building	9,330
Total	\$ 33,330	Total	\$ 33,330

**Rationale:** The Real Property Tax Appeals Commission (RPTAC) is charged with determining an estimated market value for the subject property as of January 1, 2012 (for Tax Year 2013). The basis of the appeal is valuation. The subject property consist of two commercial condominium office units with three parking spaces which are located in an "all commercial" office condominium building (use code 56 office-condo-horizontal/tax class 002 commercial). The Petitioner argues that a superior office condo next door to the subject sold January 4, 2010 and that the subject is assessed at 43% higher than that unit. However, the Petitioner fails to identify the unit number or provide any physical evidence that identified that sale. The Commission searched the DC public records and finds no unit within the project that sold on January 4, 2010 for a sales price of \$710,750. This evidence was therefore disregarded.

The Petitioner further argues that "the assessed value of the garage units is out of equalization with assessments of comparable garage spaces located in the vicinity of the subject." The Petitioner uses the assessed values of spaces at 2141 Wisconsin Avenue NW as proof that the subject's spaces are over assessed. Since the majority of the units at 2141 Wisconsin are residential units (use code 17 residential-condo-vertical/tax class 001 residential) the comparison (commercial vs. residential) is considered unreliable. The Petitioner also argues that since the subject unit is an income producing property, the Office of Tax and Revenue (OTR) should value the property on the basis of the income approach and not on a cost approach. However, the OTR's valuation is not based on the cost approach, but is instead based on the market sales comparison approach, which the Commission believes to be the best method of valuation in this case. The Commission finds that the Petitioner fails to establish by a preponderance of the evidence that the proposed assessment for Tax Year 2013 is erroneous and therefore sustains the assessment.

**COMMISSIONER SIGNATURES**

Gregory Syphax

May Chan

Frank Sanders

**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 30<sup>th</sup> of the same 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.



**Real Property Tax Appeals Commission**

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Date: January 28, 2013

**Legal Description of Property**

Square: 1858 Lot: 0057

Property Address: 5430 Wisconsin Avenue NW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	783,840	Land	783,840
Building	2,011,460	Building	2,011,460
Total	\$ 2,795,300	Total	\$ 2,795,300

**Rationale:** The subject property is one of two attached apartment buildings (totaling 131 units) located in the Chevy Chase area of the city which are operated as a single economic unit. The subject property, located on an interior lot, was built in 1962 and contains 23 units. The building is situated on 6,758 sq. ft. lot zoned R-5-D. The Petitioner's argument is based on the following four claims: (1) net operating income (NOI) used by the Office of Tax and Revenue (OTR) does not support the assessment; (2) the age and condition of the property and need for major repairs and replacement is not reflected in the assessment; (3) the complex as operated as an assisted living facility is not taken into consideration; and (4) the cap rate used by the Office of Tax and Revenue is too low for an older, assisted living facility.

The Commission has reviewed each of these claims and finds that the Petitioner's estimate for potential gross income "based on the average market rents at the comparable properties to the subject" is unsupported by any market evidence. The claim that the Assessor does not take into consideration the age and condition of the subject property is erroneous for the Commission finds that the Assessor makes an adjustment of \$914,000 for "Extraordinary Repairs" in its analysis. The claim that the Assessor had not considered the property's use as an assisted living facility is unsubstantiated. Nor does the Petitioner provide any evidence to support the suggestion that its use, as an assisted living facility, would have a negative impact on property value. The Petitioner does not provide any market evidence to support the claim that the Assessor's cap rate is too low for an older, assisted living facility. The Petitioner therefore fails to show by a preponderance of the evidence that the proposed assessment by the Office of Tax and Revenue is erroneous. The Commission therefore sustains the assessment for Tax Year 2013.

**COMMISSIONER SIGNATURES**

Gregory Syphax

May Chan

Frank Sanders

**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 30<sup>th</sup> of the same 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.



**Real Property Tax Appeals Commission**

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Date: January 28, 2013

**Legal Description of Property**

Square: 1858 Lot: 0058

Property Address: 5420 Wisconsin Avenue NW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	2,567,260	Land	2,567,260
Building	10,405,540	Building	10,405,540
Total	\$ 12,972,800	Total	\$ 12,972,800

**Rationale:** The subject property is one of two attached apartment buildings (totaling 131 units) located in the Chevy Chase area of the city which are operated as a single economic unit. The subject property, located at the corner of Connecticut Avenue and Legation Street, was built in 1929, contains 108 units, and is situated on 22,324 sq. ft. lot zoned R-5-D. The Petitioner’s argument is based on the following four claims: (1) net operating income (NOI) used by the Office of Tax and Revenue (OTR) does not support the assessment; (2) the age and condition of the property and need for major repairs and replacement is not reflected in the assessment; (3) the complex as operated as an assist living facility is not taken into consideration; and (4) the cap rate used by the Office of Tax and Revenue is too low for an older assisted living facility.

The Commission has reviewed each of these claims and finds that the Petitioner’s estimate for potential gross income “based on the average market rents at the comparable properties to the subject” is unsupported by any market evidence. The claim that the Assessor does not take into consideration the age and condition of the subject property is erroneous for the Commission finds that the Assessor makes an adjustment of \$914,000 for “Extraordinary Repairs” in its analysis. The claim that the Assessor had not considered the property’s use as an assisted living facility is unsubstantiated. Nor does the Petitioner provide any evidence to support the suggestion that its use, as an assisted living facility, would have a negative impact on property value. The Petitioner does not provide any market evidence to support the claim that the Assessor’s cap rate is too low for an older, assisted living facility. The Petitioner therefore fails to show by a preponderance of the evidence that the proposed assessment by the Office of Tax and Revenue is erroneous. The Commission therefore sustains the assessment for Tax Year 2013.

**COMMISSIONER SIGNATURES**

Gregory Syphax

May Chan

Frank Sanders

**FURTHER APPEAL PROCEDURES**

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### Real Property Tax Appeals Commission

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Date: January 28, 2013

#### Legal Description of Property

Square: 2530 Lot: 0820

Property Address: 1914 Connecticut Avenue NW

ORIGINAL ASSESSMENT		FINAL ASSESSMENT	
Land	6,275,940	Land	6,275,940
Building	37,149,060	Building	37,149,060
Total	\$ 43,425,000	Total	\$ 43,425,000

**Rationale:** The subject property is the HH Churchill Hotel located in the Kalorama area of the city, just north of Duport Circle at the corner of Connecticut Avenue and California Street. This is an older hotel which was originally built as luxury apartments in 1906. The hotel contains 173 rooms and is in good condition. The appeal is submitted on the basis of valuation. The Petitioner provides an income analysis to support the claim that the proposed assessment by the Office of Tax and Revenue is erroneous.

The Commission reviewed the Petitioner’s analysis and compared it to that of the Assessor for the Office of Tax and Revenue (OTR) who presented a revised analysis of the property at the hearing. The Commission finds that the two analyses compare favorably to each other with the Assessor’s net operating income (NOI) equating to a difference of about 2.5% more than the Petitioner’s estimate. How the NOI is capitalized is the main difference which separates their final conclusions of value. The Petitioner’s use of a 9.5% cap rate and the Assessor’s use of 9.0% cap rate appear to be based only on differences in opinion since both rates are within the range shown by the PriceWaterhouseCooper – Korpaczy Real Estate Investor Survey for Hotels that is published in OTR’s Tax Year 2013 Pertinent Data Book. The Petitioner therefore fails to show that the cap rate used by the OTR is erroneous.

The Assessor’s revised analysis results with a recommendation to the Commission to reduce the proposed assessment by 1.8%. However, the slight reduction does not meet the requirement of the 5% ruled contained in D.C. Official Code § 47-825.01a(e)(4)(C)(ii)(2012 Supp.). This code provision only authorizes the Commission to “raise or lower the estimated value of any real property which it finds to be more than five per centum above or below the estimated market value” of the property. See *1776 K Street v. District of Columbia*, 446 A.2d 1114, 1116 (D.C.). The Commission therefore sustains the assessment for Tax Year 2013.

#### COMMISSIONER SIGNATURES

Gregory Syphax

May Chan

Frank Sanders

#### 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 30<sup>th</sup> of the same 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.