

Order of the Thurston County Board of Equalization

Property Owner: WEST WOODS AID PROPCO LLC

Parcel Number(s): 12817440500

Assessment Year: 2016

Petition Number: 16-0289

Having considered the evidence presented by the parties in this appeal, the Board hereby:

☐ sustains ☒ overrules the determination of the assessor.

Assessor's True and Fair Value Determination

<input checked="" type="checkbox"/> Land	\$ 513,400
<input checked="" type="checkbox"/> Improvements	\$ 5,037,900
<input type="checkbox"/> Minerals	\$
<input type="checkbox"/> Personal Property	\$
TOTAL:	\$ 5,551,300

BOE True and Fair Value Determination

<input checked="" type="checkbox"/> Land	\$ 513,400
<input checked="" type="checkbox"/> Improvements	\$ 4,343,600
<input type="checkbox"/> Minerals	\$
<input type="checkbox"/> Personal Property	\$
TOTAL:	\$ 4,857,000

This decision is based on our finding that: The Board overrules the Assessor's determination of value based on the testimony and evidence presented.

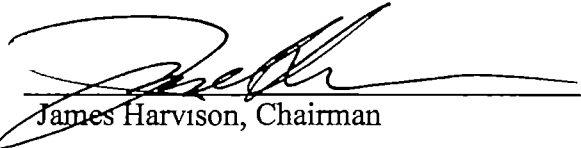
The Petitioner requested a total valuation of \$3,578,017 for the subject property. The Petitioner's Representative reviewed his cost approach with the Board. He contends that the cost approach is the best method for valuing the subject property. He stated that it is difficult to separate the income attributable to the real estate from the income attributable to the business. The parties agree on these points. The Petitioner's Representative contends that the use of comparable sales is also flawed, as the going concern of the business are always part of the transactions, not just the real estate. The Petitioner's Representative clarified that: he accepts the Assessor's valuation of the land; that the site improvements are applied on a square footage of the buildings, which may overvalue these components when compared with the Assessor's cost approach; and the climate adjustment is applied due to the geographic location of the subject property. The Petitioner's Representative testified that: the subject property suffers from significant vacancy and is operating at a loss; the Assessor's comparable sales are not assisted living facilities; Assessor's comparable sale 3 is an independent living facility, which is the closest category to the subject property; the Assessor's trend factor is based on sales that do not exist; the subject property is a special use property; and the 2017 assessment is less than the 2016 assessment, which is evidence of the Assessor's inconsistencies.

The Assessor provided a market-adjusted cost approach and comparable sales in support of the current assessed value. The Assessor's Representative testified that the business interests and personal property should be reported separately on the real estate excise tax (REET) affidavit. She questions why a buyer would unnecessarily pay real estate excise tax on anything beyond the value of the real estate. She clarified that her comparable sales include only the real estate purchase prices from the REET and that the sales comparison approach is given less weight than the market-adjusted cost approach. The Assessor's Representative testified that she has never seen a climate adjustment added to a cost approach for a property in this area. She notes that the Petitioner's site improvements are calculated at \$6 per square foot of the building, but these components are not based on the square footage of the building and are correctly valued separately by the Assessor. The Assessor's Representative stated that the Petitioner's cost approach does not include marketing costs to bring the property to stabilization, financing costs, appreciation, or other factors. She stated that these factors are imputed in the Assessor's market-adjusted cost approach.

The Assessor's Representative contends that the Petitioner did not provide any data to demonstrate that the subject property is experiencing higher vacancy rates that comparable properties in the marketplace. She stated that if the business is operating without profit, this could be attributed to the business operations rather than the value of the real estate. The Assessor's Representative testified that when limited sales are available, the assessor applies the trend for the property type closest to the subject property or the overall county trend as needed. She testified that the 2016 assessment was increased due to the removal of an override value that was first applied in 2009.

The Board finds that elements of the Petitioner's cost approach to be unconvincing, such as the application of a substantial climate adjustment and basing the site improvements on the square footage of the building. The Board finds that the Assessor's trend factors were not supported by market evidence presented for this appeal. The Board finds that Assessor's comparable sale 3 is the most similar to the subject property type and supports a reduced value for the subject property. The Board concludes that there is clear, cogent, and convincing evidence sufficient to overcome the Assessor's presumption of correctness and to warrant a reduction in the valuation.

Dated this 19th day of October, 2017


James Harvison, Chairman


Ruth J. Elder, Clerk of the Board

NOTICE

This order can be appealed to the State Board of Tax Appeals by filing a notice of appeal with them at PO Box 40915, Olympia, WA 98504-0915 or at their website at bta.state.wa.us/appeal/forms.htm within thirty days of the date of mailing of this order. The Notice of Appeal form is available from either your county assessor or the State Board.

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