

**Order of the Thurston County
Board of Equalization**

Property Owner: MWSH SOUTH LACEY LLC

Parcel Number(s): 58050002700

Assessment Year: 2016

Petition Number: 16-0552

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	\$ 1,964,900
<input checked="" type="checkbox"/> Improvements	\$ 34,147,600
<input type="checkbox"/> Minerals	\$
<input type="checkbox"/> Personal Property	\$
TOTAL:	\$ 36,112,500

BOE True and Fair Value Determination

<input checked="" type="checkbox"/> Land	\$ 1,964,900
<input checked="" type="checkbox"/> Improvements	\$ 24,799,100
<input type="checkbox"/> Minerals	\$
<input type="checkbox"/> Personal Property	\$
TOTAL:	\$ 26,764,000

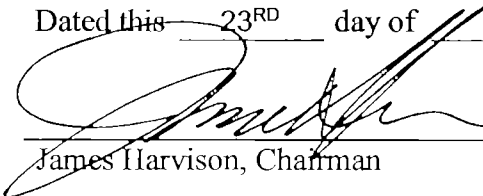
This decision is based on our finding that: The Board overrules the Assessor's determination of value based on the testimony and evidence presented. The Board relies, in a measure, on its previous reviews of the subject property.

At the hearing, the Petitioner's Representative revised his requested value to \$1,400,300 for the land and \$23,004,700 for the improvements, for a total value of \$24,405,000. The Petitioner's Representative testified that many sales of senior living properties include the business as well as the real estate, so the income approach is not helpful. He contends that the real estate excise tax (REET) affidavits are not a reliable source of sales information, since many out of state buyers are not aware that the business value should be allocated separately from the real estate. The Petitioner's Representative stated that the Assessor's comparable sales are skilled nursing facilities, which is very different from the subject property. He contended that none of the Assessor's comparable sales support the current assessed value for the subject property. The Petitioner's Representative contends that the cost approach is the most relevant for the subject property. He reviewed his cost approach with the Board. He explained that the subject property consists of 116 independent living units, 60 assisted living units, and 24 memory care units. He contends that there are significant cost variances between the different levels of care in the Marshall Swift valuation tables. The Petitioner's Representative clarified that Marshall Swift does not have a specific table for memory care units. He explained that he uses group home care costs for those units. He contended that his cost approach is a better indication of value since it is broken out by components by level of care versus the Assessor's flat rate that is applied to all units.

The Assessor provided a market-adjusted cost approach and comparable sales in support of the current assessed value. The Assessor's Representative testified that while there are varying levels of care at this facility, some of the features serve residents at all levels of care. She contended that dementia care is essentially the same as skilled nursing care. The Assessor's Representative clarified that the change in the 2014 assessed value was the result of a change in the quality grade rather than the result of remodeling. The Assessor's Representative stated that Petitioner's land sales 2 through 13 are more than five years old, so they cannot be used for this assessment. She also notes that Petitioner's land sale 1: sold in July 2016, several months after the January 1, 2016, valuation date; that it does not have frontage on Yelm Highway like the subject property; it is still timbered, not cleared for development; and that it should have sold for less than the subject parcel. The Assessor's Representative argues that the statements of the Petitioner's Representative regarding business value not being allocated on the real estate excise tax affidavits is unconvincing, since the buyers of these properties specialize in owning and operating these facilities.

The Board finds many of the Petitioner's arguments to be compelling. The Board finds that the Petitioner's cost approach allocated by the varying levels of care to be convincing, other than the valuation of the memory care units in the subject facility at the group home rate. The Board does not use the assessed value of other properties to determine the true and fair market value of the subject property as of January 1, 2016. The Board agrees that sales that are more than five years old are not considered. The Board concludes that the Petitioner has provided clear, cogent, and convincing evidence sufficient to overcome the Assessor's presumption of correctness and to warrant a reduction in the valuation.

Dated this 23RD 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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