

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

Property Owner: OVERLAKE MANAGEMENT CO.

Parcel Number(s): 12816310100

Assessment Year: 2017

Petition Number: 17-0094

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	\$ 7,752,800
<input checked="" type="checkbox"/> Improvements	\$ 10,099,900
<input type="checkbox"/> Minerals	\$
<input type="checkbox"/> Personal Property	\$
TOTAL:	\$ 17,852,700

BOE True and Fair Value Determination

<input checked="" type="checkbox"/> Land	\$ 7,752,800
<input checked="" type="checkbox"/> Improvements	\$ 8,158,200
<input type="checkbox"/> Minerals	\$
<input type="checkbox"/> Personal Property	\$
TOTAL:	\$ 15,911,000

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. The subject property and Parcel Number 12816310102 compose an economic unit known as Capital Village Shopping Center in West Olympia. The two parcels were heard together.

The Petitioner was represented by Amy Hoppe of Hoppe and Associates, Inc. The Petitioner's Representative provided a retrospective fee as is fee appraisal for both parcels with a total value of \$17,200,000 as of January 6, 2016. The Petitioner's Representative testified that: the property has had difficulties competing with newer properties nearby; the property has struggled with vacancies and lower income; the total property was listed for \$18 million and the only offer received was \$14,880,000; and stabilization is not anticipated until 2020. She reviewed the fee appraiser's responses to the concerns raised by the Assessor's Representative and the lease expiration dates.

The Assessor was represented by Teresa Hoyer, Commercial Appraiser. The Assessor recommended a reduction in the valuation of the improvements to \$9,065,400, for a total recommended value of \$16,818,200. The Board finds that the recommended value is based on the Assessor's income approach and not a manifest error correction pursuant to RCW 84.48.0065(1)(a). The Board finds that the standard of review is reduced from clear, cogent, and convincing evidence to the preponderance of the evidence. The Assessor's Representative provided a market-adjusted cost approach, a sales comparison approach, and an income approach in support of the recommended value. The Assessor's Representative testified that: the subject is a complex property with a higher than typical vacancy, some overmarket rents, and some significantly undermarket rents; the property is owned outright without a mortgage; and the leases for the larger spaces, former Safeway/Goodwill and former Ernst/Ace Hardware and vacant former furniture store/Big Lots, have several years remaining. The Assessor's Representative acknowledged that the recommended reduction based on the income approach is likely high given the longer terms on the undermarket rents for the larger spaces. She contends that there are several problems with the Petitioner's fee appraisal, including the use of warehouse properties as comparable sales, that demonstrate that the appraisal is not reliable or credible.

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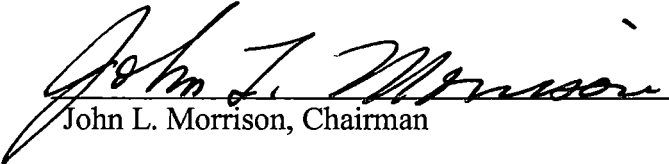
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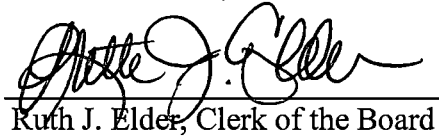
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The Board finds that additional consideration is warranted for the longer terms of the undermarket leases. The Board concludes that the Petitioner's Representative provided the preponderance of the evidence to warrant a further reduction in the valuation.

Dated this 27th day of June, 2018


John L. Morrison, 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.

To ask about the availability of this publication in an alternate format for the visually impaired, please call 1-800-647-7706. Teletype (TTY) users use the Washington Relay Service by calling 711. For tax assistance, call (360) 534-1400.

Distribution: • Assessor • Petitioner • BOE File

REV 64 0058 (6/9/14)

SHIPPED JUL 06 2018

Order of the Thurston County Board of Equalization

Property Owner: **OVERLAKE MANAGEMENT CO.**

Parcel Number(s): 12816310102

Petition Number: 17-0095

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	\$ 0
<input checked="" type="checkbox"/> Improvements	\$ 1,681,800
<input type="checkbox"/> Minerals	\$
<input type="checkbox"/> Personal Property	\$
TOTAL:	\$ 1,681,800

BOE True and Fair Value Determination

<input checked="" type="checkbox"/> Land	\$ 0
<input checked="" type="checkbox"/> Improvements	\$ 1,681,800
<input type="checkbox"/> Minerals	\$
<input type="checkbox"/> Personal Property	\$
TOTAL:	\$ 1,681,800

This decision is based on our finding that: The Board sustains 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. The subject property and Parcel Number 12816310100 compose an economic unit known as Capital Village Shopping Center in West Olympia. The two parcels were heard together.

The Petitioner was represented by Amy Hoppe of Hoppe and Associates, Inc. The Petitioner's Representative provided a retrospective fee as is fee appraisal for both parcels with a total value of \$17,200,000 as of January 6, 2016. The Petitioner's Representative testified that: the property has had difficulties competing with newer properties nearby; the property has struggled with vacancies and lower income; the total property was listed for \$18 million and the only offer received was \$14,880,000; and stabilization is not anticipated until 2020. She reviewed the fee appraiser's responses to the concerns raised by the Assessor's Representative and the lease expiration dates.


The Assessor was represented by Teresa Hoyer, Commercial Appraiser. The Assessor's Representative provided a market-adjusted cost approach, a sales comparison approach, and an income approach in support of the current assessed value for the subject parcel. The Assessor's Representative testified that: the subject shopping center is a complex property with a higher than typical vacancy, some overmarket rents, and some significantly undermarket rents; the property is owned outright without a mortgage; and the leases for the larger spaces, former Safeway/Goodwill and former Ernst/Ace Hardware and vacant former furniture store/Big Lots, have several years remaining. She contends that there are several problems with the Petitioner's fee appraisal, including the use of warehouse properties as comparable sales, that demonstrate that the appraisal is not reliable or credible.

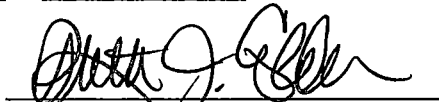
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The Board finds that the Petitioner provided insufficient market evidence to support a reduced value for this parcel. The Board concludes that the Petitioner's Representative did not provide clear, cogent, and convincing evidence sufficient to overcome the Assessor's presumption of correctness and to warrant a reduction in the valuation of this parcel.

Dated this 27th day of June, 2018


John L. Morrison, Chairman


Ruth J. Elder, Clerk of the Board

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