

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

Property Owner: PUGET SOUND RE LLC

Parcel Number(s): 12817440400

Assessment Year: 2017

Petition Number: 17-0389

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	\$ <u>1,548,900</u>
<input checked="" type="checkbox"/> Improvements	\$ <u>4,004,900</u>
<input type="checkbox"/> Minerals	\$ _____
<input type="checkbox"/> Personal Property	\$ _____
<b>TOTAL:</b>	<b>\$ <u>5,553,800</u></b>

**BOE True and Fair Value Determination**

<input checked="" type="checkbox"/> Land	\$ <u>1,548,900</u>
<input checked="" type="checkbox"/> Improvements	\$ <u>4,004,900</u>
<input type="checkbox"/> Minerals	\$ _____
<input type="checkbox"/> Personal Property	\$ _____
<b>TOTAL:</b>	<b>\$ <u>5,553,800</u></b>

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 Petitioner was represented by Edwin Archbold of Altus Group US, Inc. The Petitioner's Representative provided a cost approach in support of his requested value. The Petitioner's Representative testified that: the subject property is a convalescent hospital with 108 beds; the income includes both a real estate component and a service component, so the income approach is not useful in valuing the real estate; the sales approach also includes business value; and he accepts the Assessor's land value. The Petitioner's Representative explained that he does not put a lot of weight on the Marshall Swift depreciation charts because they have not changed in years. He explained that his source for depreciation is The Appraisal of Real Estate, 12th edition, page 383.

The Assessor was represented by Teresa Hoyer, Commercial Appraiser. The Assessor's Representative provided a market-adjusted cost approach and a sales comparison approach in support of the current assessed value. The Assessor's Representative testified that: the Petitioner's cost approach does not include entrepreneurial profit and lease up costs; the Petitioner's effective age of 30 years would mean that no upgrades have been made since the original construction; the use of an effective age of 30 years results in a depreciation rate that is too high; the Petitioner is using a 75 percent depreciation rate; the maximum depreciation rate in Marshall Swift is 80 percent; and the property is still being used as a convalescent hospital. The Assessor's Representative explained that the Assessor's Office uses local depreciation rates rather than Marshall Swift. She argues that while the cost approach is primarily used for these types of properties, the sales comparison approach must also be considered. She notes that the Petitioner's requested value is significantly below the range of sales.

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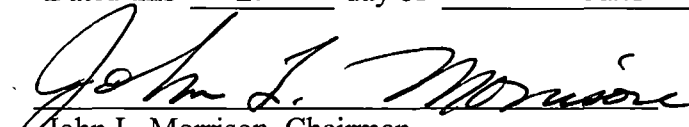
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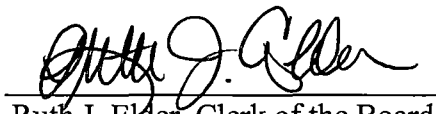
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The Board finds that the Petitioner's depreciation is overstated and unrealistic. The Board finds that the current assessed value is supported by the Assessor's market-adjusted cost approach and by Assessor's comparable sale 2. The Board concludes 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.

Dated this 27<sup>th</sup> 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](http://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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**Distribution:** • Assessor • Petitioner • BOE File

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