

# Order of the Thurston County Board of Equalization

Property Owner: WEST WOODS AID PROPCO LLC

Parcel Number(s): 12817440500

Assessment Year: 2017

Petition Number: 17-0390

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	\$ 739,400
<input checked="" type="checkbox"/> Improvements	\$ 4,201,200
<input type="checkbox"/> Minerals	\$
<input type="checkbox"/> Personal Property	\$
<b>TOTAL:</b>	<b>\$ 4,940,600</b>

## BOE True and Fair Value Determination

<input checked="" type="checkbox"/> Land	\$ 739,400
<input checked="" type="checkbox"/> Improvements	\$ 3,600,600
<input type="checkbox"/> Minerals	\$
<input type="checkbox"/> Personal Property	\$
<b>TOTAL:</b>	<b>\$ 4,340,000</b>

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 Petitioner was represented by Edwin Archbold of Altus Group US, Inc. The Petitioner's Representative testified that: the subject property is an assisted living facility; 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 Board asked the Petitioner's Representative about the difference in the construction costs between assisted living and convalescent hospital facilities. The Petitioner's Representative explained that there is a higher build cost related to the higher acuity in convalescent hospitals, while there are larger common areas in assisted living facilities. The Petitioner's Representative contends that buyers do not take out the business value on the excise tax documents, so using the sale price overstates the value of the real estate.

The Assessor was represented by Teresa Hoyer, Commercial Appraiser. The Assessor's Representative testified that: 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 effective age includes upgrades and improvements that were made since the original construction; and the Petitioner's depreciation rate that is too high. 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. The Assessor's Representative testified that she has yet to receive evidence that excise tax documents include the business value for these types of properties. She questioned why buyers would pay excise tax on any amount related to the business value. She stated that she can only assume that the excise report includes the real estate only.

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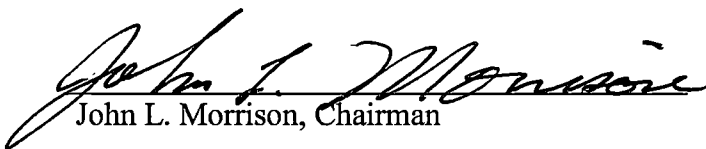
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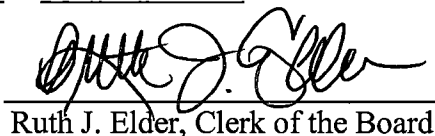
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The Board finds that additional consideration is warranted for the depreciation. The Board concludes that the Petitioner's Representative provided clear, cogent, and convincing evidence sufficient to overcome the Assessor's presumption of correctness and to warrant a reduction in the valuation.

Dated this 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.

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**

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