

# Order of the Thurston County Board of Equalization

Property Owner: CAPITOL VILLAGE ASSOCIATES

Assessment Year: 2019

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

☒ sustains ☐ overrules the determinations of the assessor.

PETITION	PARCEL	ASSESS LAND	ASSESS BLDG	ASSESS TOTAL	BOE LAND	BOE BLDG	BOE TOTAL
19-0365	12816310100	8,622,500	8,770,400	17,392,900	8,622,500	8,770,400	17,392,900
19-0367	12816310102	0	1,432,200	1,432,200	0	1,432,200	1,432,200

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 subject properties are considered one economic unit which includes two ground leases.

The Petitioner was represented by Amy Hoppe of Hoppe and Associates. Ms. Hoppe reviewed her submission with the Board, including two fee appraisals. At the hearing, the Petitioner's Representative revised her requested values as follows: A total revised value of \$13,250,000 for Parcel Number 12816310100, with \$8,622,500 for the land and \$4,587,500 for the improvements, and a revised value of the improvements and total value of Parcel Number 12816310102 of \$1,000,000. The total requested value for both parcels is \$14,250,000 or \$91 per square foot, based on the sale agreement that fell through. Ms. Hoppe testified that: the subject property has been listed for sale for nearly two years; the first offer received was for \$14,900,000, which the sellers declined; the property was relisted for \$15,950,000 on September 17, 2018, with one offer received for \$14,000,000; the sellers countered and the parties settled at \$14,200,000; and the buyers backed out of the sale in April 2020 due to COVID-19 issues and their inability to secure financing. Ms. Hoppe reviewed her comparable sales and the previous Decisions of the Washington State Board of Tax Appeals.

On rebuttal, Ms. Hoppe testified that: *Folsom v. County of Spokane*, 725 P.2d 987 - Wash: Supreme Court 1986 (*Folsom*) is not the only issue to consider; these are older buildings and there are newer competing buildings nearby; the subject property has a high vacancy rate; comparable sales support a lower value than her requested value; and the Assessor's Exception was rejected at the Washington State Board of Tax Appeals.

The Assessor was represented by Appraisal Supervisor Teresa Hoyer, who provided a written Response including a market-adjusted cost approach, a sales comparison approach, and an income approach. Ms. Hoyer clarified that there was a typographical error and that she is requesting that the Board sustain the current assessed values. Ms. Hoyer testified that: the reason that the list price is so low is because only the leased-fee interest is being sold rather than the fee simple interest; the subleases to Goodwill and Ace Hardware are not being considered; the end of the last option terms for the Goodwill and Ace Hardware leases is September 30, 2028; the *Folsom* decisions explain the issue of properties with below-market contract rents; both of the Petitioner's fee appraisals state that the property is in average condition; and the Assessor has recognized the higher vacancies and performed a lease up analysis.


On rebuttal, Ms. Hoyer testified that the Washington State Board of Tax Appeals' hearing officer incorrectly referenced the *Cascade Court* decision, which addresses residential properties that receive tax credits by participating in long-term federal contracts related to low-income housing. Ms. Hoyer stated that this was a grievous error by the Washington State Board of Tax Appeals. Ms. Hoyer testified that: the *Folsom* decisions address long-term under-market leases; and the information on the subleases has not been disclosed to the Assessor's Office.

/

/

The Board finds that the previous Decisions of the Washington State Board of Tax Appeals did not properly consider the *Folsom* decisions as the established legal precedent. The Board finds the Assessor's analysis and arguments to be most convincing. The Board finds that the comparable sales presented by the Assessor's Representative are superior to those presented by the Petitioner's Representative. 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 23<sup>rd</sup> day of September, 2020

  
Robert Hastings, Chairman

  
Ruth J. Elder, Clerk of the Board

**NOTICE**

This order can be appealed to the State Board of Tax Appeals by filing a formal or informal appeal with them at PO Box 40915, Olympia, WA 98504-0915 or at their website at <https://bta.wa.gov> within thirty days of the date of mailing of this order. The appeal forms are available from either your county assessor or the State Board of Tax Appeals.

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 (5/25/2017)

SHIPPED NOV 06 2020