BEFORE THE HEARING EXAMINER OF THE CITY OF SEATTLE

In re Proposed Final Assessment Roll for Local Improvement District No. 6751 ("Waterfront LID")	Case Nos. CWF-0318, et al.
Parcel Nos: 6094670010; 6094670020; 6094670030; 6094680050; 0660000740; 0660000708; 2285130010; 6792120010; 6195000030; 0942000430; 6792120020; 7683890010; 1976200070; 1976200075; 1976200076; 7666202465; 7666202345; 1975700365; 0696000015; 1974700175; 1117080020; 1975700235; 0696000055; 0660000540; 0660000545; 066000-0575; 2538831460; 2438831480; 0939000240; 1974600025; 1974600035	

PORTIONS OF THIS TRANSCRIPT DESIGNATED CONFIDENTIAL

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DEPOSITION UPON ORAL EXAMINATION OF

ROBERT J. MACAULAY, MAI

10:04 a.m.; February 27, 2020

10885 NW Fourth Street

Bellevue, Washington

REPORTED BY: Margaret Walkky, CCR, RPR, RMR, CRR

Court Reporter, License No. 2540

E X A M I N A T I O N

BY MS. LIN:

Q. Can you actually turn to page 83 of the final special benefit study. And that is in the after, yeah, after the folded pages.

A. Okay.

Q. So in the second paragraph down, it says, "In terms of direct residential impact, John Crompton's ongoing studies into the impact of parks on property values have been used by municipalities across the country," and then it goes on to explain Crompton's proximate principle which capitalizes park land and increased property values and a widening of the tax base.

A. Okay.

Q. So did you rely on John Crompton's studies to prepare the final special benefit study?

A. They were used as background information.

Q. And how so?

A. Just relative information as far as the parks do show -- the studies do show that parks and properties, especially in close proximity, do have market value increase that's been shown in the marketplace as a positive impact on the property

value.

Q. So the basis of your understanding that a park will translate to increased property values comes in part from John Crompton's studies?

A. In part, yes.

Q. Okay. What else?

A. As far as residential properties specifically?

Q. Why don't we talk about -- why don't we actually talk about commercial properties. What forms the basis of your understanding that proximity to a park will increase property values for commercial properties?

A. Well, again, in all the studies we looked at, that we addressed in the report, they show -- as we show in our spreadsheets, they show typically properties having proximity to the parks have, typically have lower vacancy rates, higher rentability, lower capitalization rates, improved sales, show increased trends, looking at controlled studies from before and after the park amenities are in place. So those were additional basis that we used to form the range in values that we show in our study.

Q. And these are studies based on parks in

other cities?
A. Correct.
Q. Okay. These were sort of -- okay. It says, it does say in the third paragraph down, it says, "In summary, the studies discussed in this report are used as a basis of valuation, given the unique assumptions of the subject LID project. Properties closest to the park areas/enhanced streetscapes experience the most special benefits."
A. Correct.
Q. So what is your understanding of the proximate principle?
A. Of the --
Q. Proximate principle, the proximate principle is listed in quotations in the second paragraph, third line down.
A. I think we're just referring to proximity to the park amenities.
Q. So did you apply the proximate principle in your final special benefit study?
A. Again, we used it as a background tool, as we used other studies we looked at, to develop a range of what would be reasonable in the marketplace.
Q. How is the proximate principle reflected in the actual assessments in this LID?

A. Again, it's used as a background to develop a range. So we didn't specifically use -- use it solely. We looked at a large segment of other studies to draw our conclusions from.

Q. So when you say you used it to establish a range, what does that mean?

A. Well, anytime an appraiser does an appraisal, you try to develop as you see on the spreadsheets, develop a range of what is probable in the marketplace. And within that range, based on the relative locational differences and whatnot of the property, make a market value estimate based on that.

Q. So for here, would it be like in general, if you're within, you know, one to two blocks, this is the range, if you're in three to fewer blocks, this is the range, is that how that would translate here?

MR. FILIPINI: Object to form.

A. Well, generally we found that properties closer to the waterfront obviously benefited more due to the proximity to the waterfront. So they had a higher benefit, depending on the property type, their location, things of that nature.

Then as you moved further back from the

1 waterfront, the amenities that -- the amenity of the
2 waterfront became less and less, and that depended on
3 where you were within the CBD area within the
4 boundary of the LID.
5 Q. Okay, and so on these two bullet
6 points, it says that, "75 percent of the benefit from
7 a park is captured within 500 feet, or three city
8 blocks."
9 Is that three Seattle city blocks?
10 A. I think they're fairly close. Mary
11 Hamel worked a lot on this research and I remember
12 talking to her about that, and obviously city blocks
13 vary dramatically. If you go to Boston, they're very
14 long blocks. So she felt it was relatively
15 reasonable going, you know, back I think a block or
16 two from the waterfront is what she was referring to
17 when I spoke with her about it.
18 Q. So because this final special benefit
19 relates to Seattle, this is referring to 30 Seattle
20 city blocks?
21 A. That's my understanding. I would need
22 to clarify that with Mary, but that's my
23 understanding.
24 Q. Then it says, "The remaining 25 percent
25 of the benefit is likely dissipated over a 500 to

2,000-foot range, or four to 12 city blocks."

A. Correct.

Q. Is that also talking about Seattle city blocks?

A. Correct.

Q. How did you use this information?

A. Again, as I said, it was used as background information. Obviously it's been published several times. It's relied on by a lot of people. It shows a lot of strong market evidence that different property types benefit from proximity to park elements in the marketplace.

Q. Did you use this information to assist you in drawing the LID boundary?

A. To some degree, yes.

Q. Did you use this information to assist you in assigning certain percentages to particular types of properties based on their location?

A. Well, we valued each property individually based on its own merits and looked at a value range, as you can see on the spreadsheets, and then made a market value estimate based on that. So we didn't assign a benefit to any property. It was based on the market value difference of each property relative to its location in the marketplace. It

wasn't an assigned value.
Q. I see. Did you end up finding that about 75 percent of the benefit that you calculated was actually captured within 500 feet?
A. I don't know that for a fact.
Q. Do you know if you extended past 12 city blocks?
A. I don't know that for a fact.
Q. Did you talk to Professor Crompton about his study?
A. Mary might have. Mary Hamel, who is an associate that did a significant amount of this research, may have. I would have to ask her.
Q. In general, did you all reach out to authors of literature or studies that you relied on to interview them or ask them questions about the studies that you relied on?
A. I would have to ask Mary that.
Q. Would that have been typical?
MR. FILIPINI: Object to form.
A. For her, yes. I know she talked to a number of different people. I don't know sitting here specifically who, but I know she did specific research over and above this in talking to people.
Q. I believe John Crompton also has these

1 criteria for assigning -- for determining whether a
2 park is excellent, average, above average. Are you
3 familiar with that?
4 A. Yes.
5 Q. And what did you conclude the before
6 waterfront to be?
7 A. I think we looked at it as average to
8 above average.
9 Q. Okay. I think it was average.
10 A. I think in another place in the report
11 we say average to above average. I think some of the
12 verbiage got (indicating).
13 MR. MOSES: It's on page 47, I think.
14 A. I think we used some ambiguous terms
15 there, but I think for the most part, we consider it
16 average to above average in the before.
17 MR. LUTZ: Right.
18 Q. And what was the basis for that
19 conclusion?
20 A. Just judgment looking at the facts as
21 we discussed, you know, the before amenities, you
22 know, provide some change from what it was if the
23 viaduct would not have been there. With the viaduct
24 removed would be a better phrase.
25 Q. For purposes of that conclusion, the

1 average/above average conclusion, how did you define
2 the park? Because the criteria is asking you to
3 assign one of these qualities to a park. So what was
4 the park?
5 A. Well, again, this is used as background
6 information. So we took, probably the promenade
7 area, overlook walk area were park-like. They would
8 be maintained by the park department. So again, this
9 is used as background information to make, you know,
10 relative observations in the market as to the change
11 in how the market would perceive the properties in
12 the before versus the after situation.
13 Q. Can you give an example of another type
14 of average to above average park that you think might
15 be comparable?
16 A. Not as I sit here right now.
17 Q. You conclude that after the waterfront
18 LID improvement, the park will go from average to
19 excellent; is that right?
20 A. Average to above average to excellent,
21 yes.
22 Q. What is the basis for that conclusion?
23 A. Just it's appeal in the market, the
24 amenities it provides. It's just a judgment looking
25 at it, looking at the studies. It's, again, it's

1 background information that is using terminology from
2 a report, that we're just recognizing that the market
3 is going to react differently to waterfront amenities
4 because they're much more desirable than they were in
5 the before situation, having the overlook walk,
6 having the promenade and the other streetscape
7 improvements.
8 Q. When you say that is background
9 information, how did this background information
10 inform your special benefit analysis?
11 A. Well, it informed us that the market,
12 positive market forces that create higher values
13 associated with park amenities, like the subject
14 project.
15 Q. And for purposes of concluding the park
16 would be excellent after the waterfront LID
17 improvement, what area were you considering as part
18 of that park?
19 A. Well, we're looking at the project as
20 an entity, so the more park-like amenities are the
21 promenade and the overlook walk area. So we're just
22 looking at it more in general terms, that we're
23 saying hey, it's going from something that's average
24 to above average, to excellent. We recognize a
25 change in the market and these are words that were

1 used to associate that difference, just to reflect
2 that the market would look at it more favorably.
3 Q. You're not really thinking about
4 Pike/Pine, or you are?
5 A. Not so much as far as park-like
6 amenities. They're more streetscape amenities. The
7 number of those New York studies showed positive
8 reactions to more streetscape amenities, but
9 obviously as you move further away from the
10 waterfront, you're more streetscape type amenities
11 than you are park type amenities.
12 Q. Okay. Without Pier 58, are the
13 waterfront LID improvements more accurately
14 characterized as street beautification?
15 A. Well, without Pier 58?
16 Q. Yeah.
17 A. Well, I think Pier 58, the promenade,
18 the overlook walk, would combine into more park-like
19 amenities than would the Pioneer Square and Pike/Pine
20 corridors.
21 Q. It's those three together?
22 A. They would be the main park-like
23 components that we considered.
24 Q. So when we're drawing boundaries around
25 a park, those are the core park elements that you're

thinking of?
A. Correct.
MS. LIN: I don't have any other questions.
MR. MOSES: I have a few more questions. Maybe it makes sense to ask them now.
MS. LIN: Go ahead.

E X A M I N A T I O N

BY MR. MOSES:
Q. Maybe you've addressed some of these, I'm going to skip through theme real quick.
Do you have any precedents where the Crompton paper was used as evidence in any kind of an assessment district?
A. No, I don't.
Q. On page 19 and 20 of the Crompton paper, it provides a methodology for assessing the quality of a park. It says, "Create each park in the system on a five point scale from blighted to excellent. The grading can be done either by park staff or by a panel of residents familiar with each of the sites. The scales is defined primarily by the emotional response of people in the park's area of influence."