

Case Number CWF-0280

September 21, 2020

Names:

Philip J. Curran, Joanna Crowe Curran

Property Address:

2021 1st Av. C12

Seattle, WA 98121

King County PIN:

5160650480

Thank you for the opportunity to object to the Hearing Examiner's conclusion and the opportunity to write to the City Council Public Assets and Native Communities Committee. I also want to thank the Hearing Examiner for his patience and willingness to listen to the pro se objectors and allow some of us to cross-examine despite our lack of legal training.

Here is the summary of the Hearing Examiner's decision in my case:

CWF-0280 (5160650480) – The objection is only a brief statement of issues in opposition to the Waterfront LID and includes no adequate supporting evidence. The Objector included some general property valuation information to challenge the City appraiser's valuation for the property. Without additional supporting evidence, the general property valuation information is not adequate to demonstrate an error in the special assessment for this property. The Objector failed to meet the burden of proof required to demonstrate that the property will not receive a special benefit or that the City appraisal valuation process was flawed.

Having read through the Hearing Examiner's Findings and Recommendations, I disagree that I have not met the burden of proof required to illustrate the fundamental flaws in the assessment valuations or process. I did not see a definition of what meets the 'burden of proof' or is considered 'adequate supporting evidence.' I have presented quantitative evidence of flaws in the assessments. I have illustrated the fundamental flaw in the process used by Valbridge. I have presented data taken from respected sources and provided references to peer-reviewed literature to support my assertions.

Dr. Crompton, the developer of the methodology used by Valbridge, has testified to Val bridge's misapplication and incorrect usage to arrive at his conclusions. In response, Valbridge and the City state that a larger number of methods and studies were used. I provided references showing that the various reports relied upon and cited by Valbridge all used the methodology developed by Dr. Crompton. Because all Valbridge's supporting evidence is based on the same methodology, only a single methodology was followed to develop the LID assessment. The problem, as has been shown in testimony, is that Valbridge did not apply the methodology correctly or use the most recent peer-reviewed papers for his reference.

The Hearing Examiner stated that an error in the assessments does not mean the report is incorrect. I don't contend a single error in Valbridge's work but a large number of them. There are enough errors to illustrate sloppiness and lack of attention to detail. For example, a demonstrated valuation error of \$36,553,000 in one property has been acknowledged by the City and the Examiner. There are incorrect ownerships assumed, incorrect assumptions about air and property rights, and a disregard for MLS sales data. A number of objectors in addition to myself showed that the range in valuations for the same property can be over 5%. This range is acknowledged by Valbridge. It is a range that is greater than the purported special benefit negating any possible significance of the LID to the properties. Valbridge's own statements to support the valuations and applied methods varied to meet any argument, indicating a fundamental lack of consistency. For example, the assessments were stated to be upon proximity to LID improvements. However, when challenged this statement was changed to be that "valuation was based

on relative proximity to the promenade” to justify seemingly inconsistent valuations. To increase a valuation, he applied a personal judgment on the highest use of the property, essentially removing a current property use and replacing it with a fictional one that he assumes is of greater value. These errors and more have been documented by myself and the other objectors. There is not a single error but a large number. When combined with the incorrect application of the principles on which Valbridge (and the studies cited by Valbridge) relied, the overall assessment comes into question.

I have presented MLS sales data, data that were accepted in my property tax appeal which did include an assessor’s visit, references for these data, and direct quotes from peer-reviewed articles by the person who created the assessment method relied upon by all those referenced by Valbridge and used by Valbridge. Rather than repeat the arguments, I attached my previous protests. For the reasons in this letter and the attached, I contend that the appraiser has not met a burden of proof that any property will receive a special benefit. Any assumption and assessment of a special benefit should be removed.

Sincerely,

Joanna and Phil Curran

Attachments: July, 2020 Statement
LID Assessment Objection
Amended Property Tax Assessment that was used in support of arguments on LID

Before the Hearing Examiner of the City of Seattle

July 6, 2020

Case Number CWF-0280

Names: Philip J. Curran, Joanna Crowe Curran
Property Address: 2021 1st Av. C12
Seattle, WA 98121
King County PIN: 5160650480
Owner's Mailing Address: 2021 1st Av. C12
Seattle, WA 98121

We, Philip J. Curran and Joanna Crowe Curran, owners of the condominium property located at 2021 1st Avenue, C12, Seattle WA, 98121 (PIN 5160650480), respectfully submit the following closing arguments and statements in this matter, Case No. CWF-0280.

Introduction

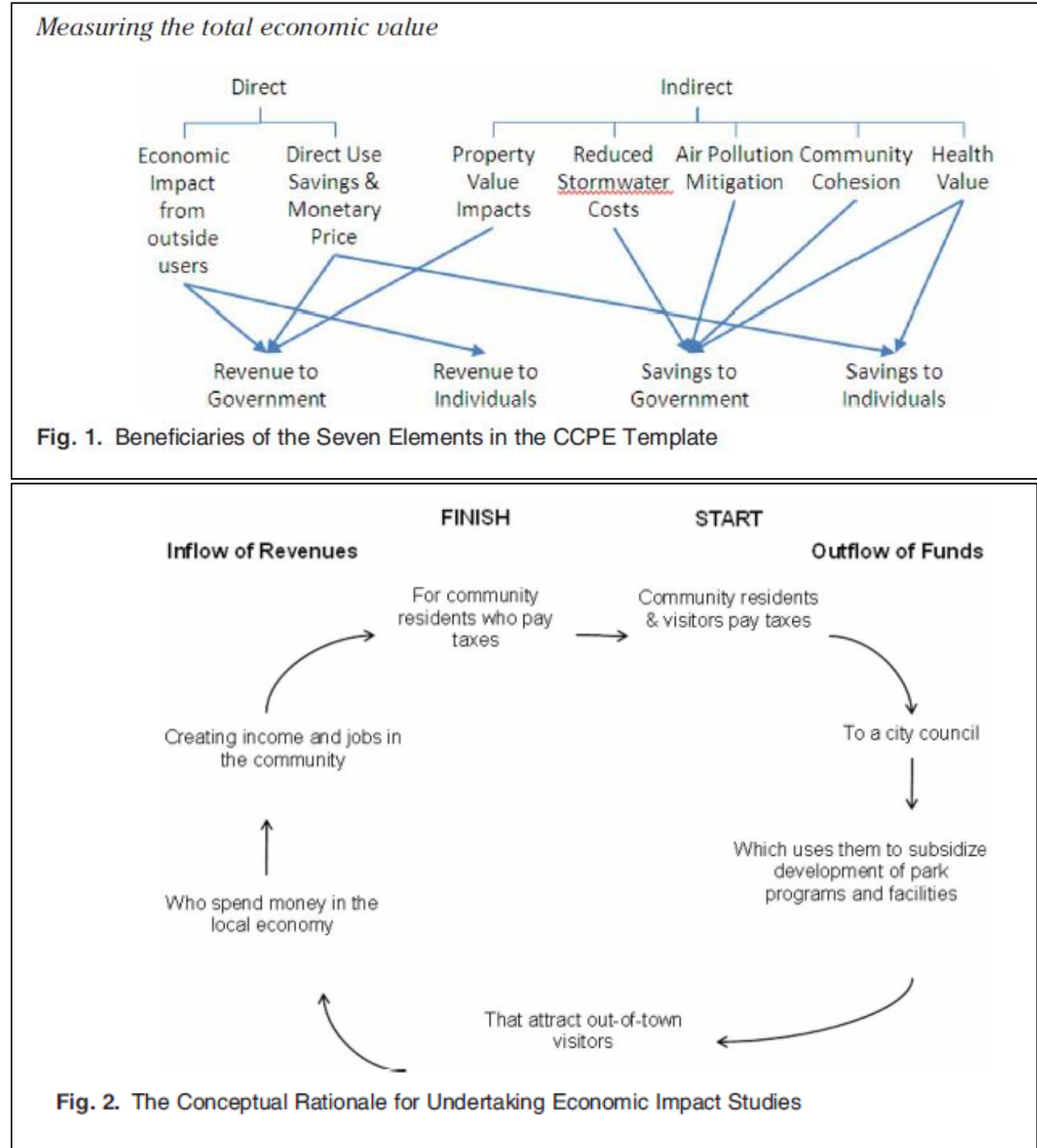
A fundamental flaw in the work by Valbridge/ABS is that they have produced a qualitative report when a quantitative evaluation is needed. Quantitative, market-based data are available concerning the pre-LID valuations. These data were received by ABS and dis-regarded. Mr. Macaulay proceeded to assign additional valuations of a special assessment of up to 4% despite acknowledging that his opinion could easily be incorrect by 5% or more.

Mr. Macaulay states numerous times in his testimony on all days that he relies on his 30 years of experience. When challenged on an opinion and lacking any facts or quantitative data for that opinion, many people will fall back on stating years of experience as evidence. Unfortunately, quantity does not equal quality. Years of experience indicates employment for those years and does not equate with high quality work or correct application of judgement. Mr. Macaulay testified that he has not questioned his own judgement on any of the LIDs or assessments he has done. He testified that he has never revisited one of his opinion valuations for a LID to see if they were close to accurate or to determine a level of accuracy (testimony on 6-23-2020, p. 94). I contrast this to my own work in engineering. The margin of error and the safety margin is critical to understand and employ. It is essential to continually work to improve. If a river restoration project is completed, there is monitoring to determine if the promised benefits occur. In contrast, Mr. Macaulay assumes his opinion is correct and takes precedence, even when presented with market data to the contrary.

Proposed Project Provides A General and Not A Special Benefit

The projects encompassing the LID have been presented to the public as part of the waterfront plan. Text concerning the benefits of the waterfront, and the LID components in particular, comes from the 2011 Trust for Public Land study (CWF 233, Exhibit 124). This is one of the few articles cited by Mr. Macaulay as forming the background research and justification for his assessments. The Study is very clear on the general benefits afforded to Seattle, both to city citizens directly and to city tax revenue. It applies the Trust for Public Land's Center for City Park Excellence (CCPE), which is also in Harnik and Crompton (2014). These include green stormwater treatment and reduced stormwater or combined sewer overflows, cleaner air reducing the incidence respiratory related illness, outdoor exercise opportunities, locations for citizen gatherings, increases in tourism dollars for the city, and increases in property taxes to the city. The study puts forward in the executive summary, "In addition to increased tax money, these same factors bolstered the *collective wealth* of Seattleites—by more than \$80 million in total property value and by more than \$30 million in net income from tourist spending."

Figures from Harnik and Crompton (2014) and Crompton (2001) are reproduced to illustrate.



The HR&A study (CWF 233, Exhibit 123) spells out the overwhelming general benefit of the Waterfront project, inclusive of the LID components. Illustrations in the study show the project with the LID components, and therefore is estimating the value and general benefit of the LID. Mr. Macaulay would consider this an estimate of the benefit of a waterfront with quality rating of excellent (exhibit C-17, p.3). There is a huge projected economic benefit to the City of Seattle through a one-time economic impact of \$1.1 Billion during construction and an on-going \$288 Million annual economic impact

through increased tax revenues from increased visitor spending and associated increase in employment. This economic benefit to the city is despite there being 0 new visitor days projected for park-adjacent residents (p. 84), illustrating that there is nothing in the waterfront project or LID of enough benefit interest to draw a visit from those residents closest to the waterfront, even if there were increased connectivity. Visitation is projected to increase by 396,000 people from the greater metro area and by 1.1 million in additional tourists (p.84). It is clear that the LID improvements are beneficial to the greater area and provide a general benefit.

To consider any portion of the waterfront project to have a special benefit that requires a LID is to misapply the use of a LID and to mis-characterize the project. "A local improvement is a public improvement, which, although it may incidentally benefit the public at large, is made primarily for the accommodation and convenience of the inhabitants of a particular locality, and which is of such a nature as to confer a special benefit upon the real property adjoining or near the improvement. On the other hand, if its primary purpose and effect are to benefit the public, it is not a local improvement, although it may incidentally benefit property in a particular locality. [City of Seattle v. Rogers Clothing for Men, Inc., 114 Wn.2d at 226, quoting 14 E. McQuillin, Municipal Corporations § 38.11 (3d ed. 1987)]." *LID Manual*, p. 66.

The MRSC website states the "goals of the LID process are twofold: To present a bond portfolio to investors that will entice them to invest at as low a rate of return as possible; and to assess property owners as fairly as possible in relation to special benefits received." Examples given by the MRSC as appropriate for LID funding include infrastructure improvements: sewer and water main extensions for health and sanitation purposes; paving gravel streets or alleys to reduce dust and maintenance costs; undergrounding or relocating utilities; provide street lights. These are improvements that a single neighborhood, are needed, and wouldn't be accomplished without the LID funding processes. "A LID provides a way for property owners to get together to pay for street and alley paving, sanitary sewers, street lighting, or underground wiring."

The waterfront park is not a necessary development that will benefit only a small neighborhood. It was sold to the City of Seattle as being for the whole city and the visitors. Much like sports stadiums. The \$150 Million investment currently being funded by the City for the Mariners is funded by all the taxpayers because it is considered a city-wide amenity. The immediate neighborhood is not being assessed a LID, despite a proximity benefit.

Dr. Crompton's research and testimony illustrate the point that the proposed projects that comprise the LID do not confer a special benefit: "A final negative impact is that appreciation of property values results in higher property taxes. Residents who have lived in a location for a long time and have no interest in selling their property, may see no personal benefits accruing to them from development or major renovation of a nearby park. Nevertheless, they are required to pay higher taxes because the appraised value of their property has increased." The LID does not provide a special benefit to local homeowners in the 49 condominium buildings. Any potential benefit cannot be realized until the unit is sold upon moving or death.

LID Projects were not valued individually

The LID project is composed of multiple, separable components. Each component should have been evaluated on its own. That the LID projects are separable is clear from the many documents produced by the City of Seattle and the Friends of the Waterfront describing the LID. The project is almost exclusively referred to as having six components, which are then listed. As examples, the HR&A study, CWF233 Exhibit 123, identifies six LID components on p. 29 and the Final Assessment Report, Exhibit C-17, states on p. 5 "the Waterfront Seattle project would construct six main elements."

The LID was created by the City of Seattle through Ordinance No 125760. Washington State RCW 35.43.050 governs non-continuous improvements such as the LID projects. The map of the LID areas and projects on p. 12 of Exhibit C-18 shows the separate parcels and discontinuous portions of the LID projects. CWF 0375 Exhibit 7 is a copy of RCW 35.43.050. It states: "Where no finding is made by the legislative body as to the benefit of the improvements as a whole to all of the property within a local improvement district or utility local improvement district, the cost and expense of each continuous unit of the improvements shall be ascertained separately, as near as may be, and the assessment rates shall be computed on the basis of the cost and expense of each unit." The LID was authorized by the City through an Ordinance and no attempt was made by Mr. Macaulay and his associates to evaluate the six main LID components, or any of the multiple projects, as separate entities. Mr. Macaulay is very consistent in his answers when asked about his assessment of the LID as a single entity.

For example, he testified on 6-23-2020, p. 29-30:

"Q And so when you reviewed this, what were you -- what was your process for determining what the value add would be due to these types of improvements?"

A Well, again, we're looking at the LID as one entity, so there are six elements that have been discussed. We're looking at the Promenade improvements. We're looking at the Pike/Pine improvements. We're looking at the Overlook Walk improvements. We're looking at the Union Street connector improvements. And all of these elements are looked at as an entity. And so, again, we're -- we're looking at other similar projects that have similarities to this. None of them are going to be exact, but they have similarities to this in the marketplace. So we're not specifically looking at this as one particular element and saying, okay, how much in value is that language going to increase value? We're looking at the whole picture of the project as one entity."

"Q So there's nowhere in your report where someone might be able to determine how you looked at each of the after conditions described in the addenda and attributed value to those after conditions -- to specific after conditions?"

A That was not the scope of the assignment. The scope of the assignment was to look at the project as one -- as one entity and not as six individual LIDs."

The LID assessments made by ABS/Valbridge/Mr. Macaulay are fundamentally flawed by not considering the cost and expense associated with each project component. Mr. Macaulay testified that he was not instructed to consider the individual components, that it was not specified in his scope. Johnson Exhibits A through L from the City contain the initial RFQ for the LID work, the initial contract and scope of work to Valbridge for \$96,000, and the subsequent change orders and contract and scope amendments to a final contract value of \$2,289,485. Nowhere in these documents does the City state that Mr. Macaulay consider the LID projects as a single entity. That decision was left to Mr. Macaulay. His decision to value the LID only as a single entity, despite the clear statements in Washington State Legislature RCW 35.43.050 calls into question his expertise.

Assessments are Qualitative

The valuations in the report are based on qualitative information. They appear at first glance to be quantitative, being presented through spreadsheets and with percentages. Estimating from the many objections to the assessments brought to the Hearing Examiner, the presentation of what is really a qualitative opinion by ABS, as Mr. Macaulay states numerous times in his cross-examination, led to confusion and concern. It is Mr. Macaulay, and by extension ABS, opinions that form the assessments and not the actual appraised values of the properties as of October 1, 2019. It is worth noting that the pre-LID conditions of viaduct removal and most of the re-build of Alaska Way are already in existence as

of Oct. 1, 2019 and were reflected in the tax records of the King County Assessor at that time. It is ABS', Mr. Macaulay's, and Ms. Hamel's qualitative assessments and methods that are questioned.

Statements about the use of King County quantitative data:

"Electronic data based on records of the King County Department of Assessments forms the basis of the final assessment roll spreadsheets which are integral parts of the report that follows and have previously been electronically provided to the client." - Exhibit C-17, p 134.

Mr. Macaulay testified that they had quantitative, market data on the valuations for the pre-LID condition and data that indicated the post-LID market value. "There were some sales that occurred after the LID was formed, so there would have been some knowledge in the marketplace of anticipation of the LID improvements ...We had a number of sales in May of 2019." 6-23-2020, p. 258

"Market value conclusions without the LID (Before Condition) were based on recorded sales of units within the individual complexes and King County Assessor data." - Mary K. Hamel Letter on the Valuation of Waterfront LID Residential Condominiums on the City Clerk Site for CF 321582, CF 321491.

"Q. Okay. And if the -- if I'm correct that the number is really a derived number from the Assessor's numbers for 2018, then, in doing your study as of October 1, 2019, you would have had access to the 2019 Assessor's numbers; right? Because they were -- they came out in August.

A. Yes. We did a number of downloads of Assessor's data throughout the course of doing our -- our project. We -- we were finalizing the numbers we needed to have -- when we finalize the report, we need to have the most current Assessor's data available."

"Q: And, similarly, for residential condos, if you were doing a direct appraisal, you might actually go and view the individual condo unit, but here you didn't visit any individual condo units; is that right?

A That's correct. We based our information on the King County Assessor's records.

Q And you've testified that for certain properties you didn't actually have all of the relevant information that would allow you to make an accurate valuation. ...

A: Yeah" - Mr. Macaulay on 6-23-2020, p. 56

Statements on use of Assessor data once the methodology was questioned:

"We used information from the King County Assessor as data points in our analysis of the current market value of the properties as of October 1, 2019, but did not rely exclusively on King County Assessor property values. . . . a number of market forces can influence the current market value of a property and assessment values are not updated throughout the year." - Mary K. Hamel declaration

"Q. Do you know how your valuation compared with the King County assessor valuation?

A. Some were probably fairly similar, some were probably a little lower, some were probably a lot higher. They would have varied.

Q. Would you expect that yours would be more because you've got this viaduct removal and the improvements?

A. Typically, they were higher, yes.

Q. And is it because you got -- if you're considering additional improvements?

A. Well, the assessor has a separate valuation situation from us. I don't know what all the conditions and thought process and assumptions they make going into their market value estimate. So it's not

really relevant to what I'm doing in the analysis we're doing, because we are making different assumptions both in the before and after. So in most cases, typically our market value would be higher.” - CWF 233 Exhibit 102: Mr. Macaulay Deposition on 2-27-2020, p. 74

Q So you've heard testimony from our experts that for direct appraisals it's generally accepted that it's reasonable for two appraisers with access to similar data and information valuing the same piece of property to arrive at values that are 5 percent off. Have you -- are you aware of this testimony?

A Yes.... I've been in situations where we're almost identical in appraised value, where one is lower and one is higher, where there's significant -- where there's significant difference. I mean, an appraisal is an estimate of value. It's an opinion. And a little saying that everybody has got an opinion, but, I mean, ours is -- ours is based on our experience and our judgment. ...There's no set norm or margin of error that you may encounter in the market. I mean, it's just based on each individual appraiser's opinion

Highest and Best Use

There is a large amount of judgement and potential for error when determining what the highest and best use is for a property. Mr. Macaulay testifies and states in the ABS and Valbridge documents (Exhibit C-17): “The purpose of a final special benefit/proportionate assessment study is to provide a fair and proportionate allocation of recommended assessments, based on highest and best use and market value of affected property.” The use of highest and best use is how Mr. Macaulay appears to justify deviation from market data.

The term is defined in Exhibit C-17 This is defined in C-17: Highest and best use is the most fundamental premise upon which estimations of market value are based. According to “The Dictionary of Real Estate Appraisal” (Fifth Edition, 2010, Appraisal Institute, page 93), highest and best use is defined as: “The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value.”

In 2015, The Appraisal Institute published, “Common Errors and Issues.” In it, the valuation of highest and best use is identified as “one of the weakest areas in an appraisal.” It is identified as an item that is commonly done incorrectly and that can call into question the valuation. Mr. Macaulay falls back on his determination of ‘highest and best use’ many times in his testimony when asked for justification or quantification of his assessments. His reliance on this opinion-based measure when quantitative, market-based data on valuations is available is questionable.

Also troubling given the qualitative, opinion-based nature of the assessments is how Mr. Macaulay/ABS describe the use of highest and best use in Exhibit C-17 (p. 131): “Highest and best use of property as improved considers the existing improvements and estimates whether they represent the maximally productive use or create the highest market value. If not, a decision must be made as to whether the improvements should be expanded, renovated, converted or razed to make way for that use which produces the highest return to an investor.” As a condominium owner, I consider my use of my condo as a home to be its best possible use. I expect many condominium owners feel this way even if not living in the newest and tallest building.

Assessment Objections

Mr. Macaulay testified on 6-23-2020 that “in this case property owners had the ability to provide us any information that they wanted us to consider, and we would have considered it.” Mr. Foster’s testimony on 6-26-2020 clarified the process and made clear that property owners were not able to provide their own data for any real consideration until now.

Q Do you recall having a request to or a meeting with residential property condominium owners about their concerns with the actual specific aspects of their personal assessments or any mechanism whereby they could have gotten those to you?

A It did come up frequently as a question about, you know, methodology and a desire to, you know, get into those conversations. ...Our response was, that, ...those are fair concerns. They were really -- the process was designed for them to be considered as part of this appeal process that we're in right now. So it wasn't really something we engaged in -- in -- in, in any depth at that time." -- Mr. Foster on 6-26-2020, p.76

There are a number of objectors who provided their own tax records or comparable sales data in February, 2020 as instructed in the 12/30/2019 communication from the Clerk's office. These data illustrated the errors in the ABS and Ms. Hamel's assessments. These include me as CFW-0280 and those identified in Ms. Hamel's declaration. Ms. Hamel dismisses these with the following statement:

"Appraisers use experience and judgment to arrive at value conclusions, and it is not uncommon, nor indicative of error, for two appraisers to arrive at different value conclusions for the same property. We performed a mass appraisal and our value conclusions are within a reasonable range of opinion." -- Mary K. Hamel declaration

This is despite objections that contained a quantitative comparison of recoded sales of units (see CFW-0280 as an example), and where objectors submitted outside appraisals. The difference in valuation provided in quantitative data by objectors and the qualitative assessments of ABS is 3% - 11%. This reflects the range in appraised values and uses actual sales data for units to best reflect market conditions, of pre-LID conditions. Thus, the range from 3%-14% difference is what is considered a "reasonable range of opinion" in ABS valuation. Mr. Macaulay testified on 6-23-2020 (p. 90) that significant differences in appraisals are common. He states: "it's just based on each individual appraiser's opinion." This is despite being offered sales information that reflects the pre-LID condition and dis-regarding in favor of his own opinion. It is clear from Ms. Hamel's testimony and declaration that any sales data provided by pro se objectors would be summarily disregarded as not having been produced by an 'expert.' Sales data is quantitative information that reflects the market value of a condominium. It is the same quantitative information whether gathered by Ms. Hamel or a pro se objector.

As part of the hearing process, ABS has made available the data used in evaluating the condominium buildings. Because I live in Market Place North, I looked at the data for this building in particular. There are numerous errors in the spreadsheet. These errors include incorrect title transfer, incorrect use of units, incorrect statements about unit condition, and incomplete sales information. The King County Assessor came to my unit this past February to do an in-person inspection as part of reducing my tax assessment. The mistakes are not part of the King County files. ABS assessor's have introduced these numerous errors in this spreadsheet, making me question their attention to details when assessing the homeowners in 49 condominium buildings.

Reliance on a Mis-Application of the Work of Dr. Crompton and Co-Authors

Mr. Macaulay/ABS/Valbridge relied heavily on the work of Dr. Crompton and his co-authors when creating the special benefit study. The articles are featured in Exhibit C-17, the Final Special Benefit Assessment Study, over the pages 151-189. Unfortunately, Mr. Macaulay did not display an understanding of the research work and did not discuss the research with Dr. Crompton. Dr. Crompton has addressed many of areas where his work was mis-applied in his letter, exhibit C-31. It is only after the critique of Dr. Crompton does ABS and Mr. Macaulay attempt to distance their work by stating that it was only used as background information and as one of many studies. The reports from Valbridge and

ABS do not include references. They cite within the document only a handful of background material of which much is from Dr. Crompton and associates or relied on Dr. Crompton's work. For example, one of the other studies relied upon for background is SWF 233, Exhibit 233, the 2011 Trust for Public Lands Study. He testified on 6-23-2020 (p. 178), "Like we looked at Dr. Crompton's studies that show the relationship primarily to the residential market on how parks are impacting market value. The Land Conservancy 2011 study shows -- shows a similar reaction." What Mr. Macaulay failed to realize is that the 2011 study is utilizing the values from Dr. Crompton's work. This is clear from their references and acknowledgements sections. Thus, Mr. Macaulay relied very heavily on his mis-understanding and mis-application of Dr. Crompton's research.

The proximity principle argues that proximity to a park does increase property values and this will cause the owners close to the park to pay higher property taxes because of the increase in the appraised values. There is no need for a LID to pay for the park. Dr. Crompton cites a number of examples (e.g. in NJ, CA, MA, OR, OH) where cities have been able to pay off park bonds within a small number of years through the increased revenues from property taxes. The city of Houston announced the construction of a 13-acre downtown park for \$40 million. Mayor Bill White stated, 'Much of the city's investment will be recouped over time by increased tax revenues from the enhanced value of property around the park that the park will create' (quoted in Crompton, 2005). Dr. Crompton points out that this does not consider any investment from other sources like the \$110 Million promised by the Friends of the Waterfront, that would reduce the initial debt, that the additional property tax income will continue past the retirement of park debt, or that the park may help the city attract future businesses and will maintain a desirable residential area.

Despite testimony that he is not applying the proximate principle, it is cited as justification in Exhibit C-17 for taxing property owners ahead of the increase in property taxes. Mr. Macaulay also testified that "Property abutting the waterfront improvements reflects the highest range in special benefit; from approximately 2.5% to less than 4% of estimated market value without the project, depending on location and use. These increases are based on total property value, comprised of both land and improvements." Mr. Macaulay's estimate of what is close to the LID project components has also been shown to be an error in his reading of the research. For example, from Exhibit C-31, page 14, Dr. Crompton stated in his review of Mr. Macaulay's work, "My review indicated most of a park's impact occurs within a 500-foot range." The Appraiser's measure of distance to which impact of the LID "park improvements" extended was three blocks, which a network analysis showed was significantly further than 500 feet." The review considered all of the connectivity identified by Mr. Macaulay as a justification for his enlarged LID footprint. My property is further than 500 feet from the LID improvements. I have access to the waterfront from the Lenora Street Bridge. The exit from my property is closest to this point. It is not part of the LID in connectivity. I look out at Victor Steinbeck Park. It is not part of either the LID or the proposed enhanced social outreach for the waterfront. I have no benefit from any park or 'park-like' feature.

Fabricated Evaluation Scales

Valbridge relies on an incomplete reading of the literature and chooses to disregard much of the data on urban parks when setting assessment values. Valbridge asserts that 75% of the benefit will be within 500- feet or 3 blocks. There is no indication in Crompton's papers or the Trust for Public Land's Center for City Park Excellence of a 75% / 25% split. In their assessments, Valbridge does not fully consider that this is a modern urban – not a natural – park and that there is not a guarantee of any increase in property values. Dr. Crompton points out this as well as an apparent fabrication of evidence to justify the assessments.

The LID components were referred to as a park, and evidence for this comes from the Final Assessment Study which refers to the park over 500 time, "These new waterfront amenities will be designated as "park land" on p. 9 and P. 118 ". . . furthering the public/ private partnership and maintaining the ambience, desirability and quality of the newly installed park areas" of exhibit C-17.

Mr. Macaulay does not deter until corrected by Dr. Crompton in Exhibit C-31, p. 3:

"The Appraiser's suggestion that the green space in the LID is a "park" is a misrepresentation. Although the area incorporating the "park improvements" appears to be approximately 36 acres, two-thirds of that 36 acres appears to be hardscape. This suggests the appropriate designation is "parkway" rather than "park." This distinction is critical, because the JLR review to which the Appraiser frequently refers pertained exclusively to "parks and open space." It did not refer to parkways or greenways. The importance of the distinction stems from the empirical literature that shows the premiums from parks on property values are likely to be much higher and to extend for a greater distance, than those from parkways or greenways."

The distinction goes to the basis for the property assessments. By employing incorrect definitions, the entire foundation on which the assessments are based is faulty.

The fabrication comes from the Assessor's work on p. 152-153 of Exhibit C-17, his justification for the assessments. This is the presentation of his table fabricating benefit percentages, which is presented as a bullet point in a list of information referenced to Dr. Crompton's studies. As Dr. Crompton identifies in Exhibit C-31, pages 9-10:

"the Appraiser uses different ratings than are used in the Scale. The source, rationale, criteria and definitions of the descriptors that comprise the new rating scale are not explained. The new scale is not derived from the Quality of Park Scale. Indeed, there appears to be no connection between them.

Under the "Distance" heading he introduces a new category "1 block." No rationale is provided for it. The subsequent categories refer to the 1-3 block measure which he parenthetically infers equate to 500 ft, but in fact in the LID context a three-block measure significantly exceeds that range.

The "Green Premium" heading in the third column is a new term that the Appraiser has introduced. The source of the percentage premiums used in this column is not explained. They seem to be entirely arbitrary. ...Clearly, the premiums suggested by the Appraiser are much higher than those emanating from the 2004 publication from which he inappropriately infers they are derived. ...If the Appraiser required a similar scale for the parkway to guide his judgements, then he needed to develop a scale that fits the LID context. Clearly, on its face the scale lacks validity."

The use of blanket percentages to generate fabricated valuations undermines the validity of Mr. Macaulay's work. Dr. Crompton addresses the caveats of a blanket assumption of property value increase, summarizing literature illustrating that some types of parks are more desirable than others as places to live nearby. Large flat open spaces which are used primarily for athletic activities and large social gatherings, are much less preferred than natural areas containing woods, hills, ponds or marsh (Kaplan & Kaplan, 1990). Further, there are contexts in which parks exert a negative image on property values. If the park does not have proper security and maintenance, it becomes a liability for nearby homes (Tibbets, 1998, p. 9). Adverse impacts may result from nuisances such as: congestion, street parking, litter and vandalism which may accompany an influx of people coming into a neighborhood to use a park; noise and ballfield lights intruding into adjacent residences; poorly maintained or blighted derelict facilities; or undesirable groups congregating in a park engaging in morally offensive activities.

For example, drug consumption in and near the park are negatives. Overdoses in Victor Steinbeck park attest to the presence of drugs.

Crompton (2001) found from the empirical literature that properties closest to a park which serves primarily active recreation users are likely at best to show only a small positive value increment attributable to the park. This is attributable to the noise, nuisance and congestion emanating from the influx and egress of traffic and people. However, values are likely to rise, and negative amounts are unlikely to be present, on properties further away from the park.

Tables 2 and 3 from Crompton (2005) are reproduced below. These data illustrate a relative disadvantage in being located next to an urban park and the advantages of being next to a natural park.

Table 2 Definition of open space categories

Open space type	Definition
Urban Park	More than 50% of the park is manicured or landscaped and developed for nonnatural resource dependent recreation (e.g., swimming pools, ballfields, sports courts).
Natural area park	More than 50% of the park is preserved in native and/or natural vegetation. Park use is balanced between preservation of natural habitat and natural resource-based recreation (e.g., hiking, wildlife viewing, boating, camping). This definition includes parcels managed for habitat protection only with no public access or improvements).
Specialty park/facility	Primary use at the park and everything in the park is related to the specialty category (e.g., boat ramp facilities).

Table 3 Variations in proximate values at different distances for each open space type (1990 dollars)

Variable	Urban Park	Natural Park	Specialty Park/facility
Distance ≤ 200	\$1,926	\$11,210	\$7,396
Distance 201–400	2,061	10,216	5,744
Distance 401– 600	1,193	12,621	10,283
Distance 601–800	817	11,269	5,661
Distance 801–1,000	943	8,981	4,972
Distance 1,001–1,200	1,691	8,126	4,561
Distance 1,201–1,500	342	9,980	3,839

Number of observations 16,747

Studies from Spokane, WA (Sainsbury 1964 in Crompton 2001) found that passive parks, those where there is only nature and trails (e.g. Discovery Park) have a greater benefit on surrounding property values than do active, urban parks. Active parks are those with playgrounds (not fields) and those that create a significant increase in traffic. The authors of the study stated: "In conclusion, it appears that the community playfield park, because of its large size, generally acts to increase property values of properties immediately adjacent to it while the playground generally decreases the values of similar properties" (p. 74)" In an extreme example, the park lowered property values in Columbus, Ohio.

Properties around Linden Park lost 8% of their property values when compared to identical properties further from the park. This was attributed to predominance of heavily used recreation facilities, such as a children's playground, rather than of passive natural areas.

Conclusions

In the City's Brief in Support of the Final Assessment Benefit, they make the point that the City's experts worked hard on the study. I would contend that the many objectors, in particular the pro se objectors, have worked very hard for many hours without the benefit of \$2.3 million in payment. Hard work is not a rationale appropriate for the sloppiness, fabrication, and disregard for peer-reviewed research or market-based objective data. The formation of the LID was flawed, because the benefits are overwhelmingly general. The formation of a LID on homeowners is doubly flawed as there is no indication that a local homeowner will be drawn to the new development. Instead there is credible research showing a loss of home valuation, discounting any reasonable concept of a special benefit to a homeowner. From examination of the proposed enhancements, I see none that apply to my property. I am further than 500 feet from the enhancements; my access point to the waterfront is Lenora Bridge and not part of the LID; my nearby park will remain Victor Steinbeck park with is not part of the LID, and my view will not change. I will be in the group of local residents with 0 increase in visit days because it will not have any additional benefit to me to visit.

The city documents are fundamentally flawed in their assessments. The study fabricated information and replaced market-based facts with conjecture. They show disdain for the residents, considering themselves experts for having walked around the area. They claim to have used data from the King County Assessor's office, but show no evidence of it other than a disturbingly high number of mistakes in their translation of the information to spreadsheets. Simple phone calls, emails, or outreach where voices were listened to and heard could have reduced these errors. Instead, all input from residents has been ignored. I found the doors to City Hall locked during the time frame for citizen input to the Hearing Examiner in July, 2018.

Dr. Crompton summed it up well on p. 10 of Exhibit C-31, "It is not based on empirical data. It has no scientific or empirical basis. It is simply the Appraiser's arbitrary judgement and compounds the concerns relating to range of impacts noted in the previous section of this evaluation."

I have shown that the city's witnesses confirm and support the assertions made in our objection through their documents, declarations, and testimony. The Hearing Officer should recommend that the special assessment made against our property be vitiated.

Printed Names: Philip J. Curran Joanna Crowe Curran
Signed: /s/ /s/
Date: 7/6/2020 7/6/2020

References

- Sarah Nicholls & John L. Crompton (2018). A Comprehensive Review of the Evidence of the Impact of Surface Water Quality on Property Values. *Sustainability*, 10(2), 500. doi:10.3390/su10020500.
- Peter Harnik & John L. Crompton (2014). Measuring the Total Economic Value of a Park System to a Community. *Managing Leisure* 19(3), 188-211.
- William J. Boswell & John L. Crompton (2007). A City's Strategy to Fund a Golf Course by Developing Homes on Proximate Property. *Journal of Park and Recreation Administration* 25(1), 115-127.
- Sarah Nicholls & John L. Crompton (2007). The Impact of a Golf Course on Residential Property Values. *Journal of Sport Management* 21, 555-570.
- John L. Crompton (2007). The Role of the Proximate Principle in the Emergence of Urban Parks in the United Kingdom and in the United States. *Leisure Studies* 26(2), 213-234.
- John L. Crompton (2005). The Impact of Parks on Property Values: Empirical Evidence from the Past Two Decades in the United States. *Leisure Management* 10, 203-218.
- John L. Crompton (2001). The Impact of Parks on Property Values: A Review of the Empirical Evidence. *Journal of Leisure Research* 33(1), 1-31.
- John L. Crompton (2000). Designing Golf Courses to Optimize Proximate Property Values. *Managing Leisure* 5(4), 192-199.
- Also utilized are the MRSC website and the City of Tacoma website (from July, 2018)
<http://mrsc.org/Home/Explore-Topics/Public-Works/Finance/Local-Improvement-Districts.aspx>
https://www.cityoftacoma.org/government/city_departments/public_works/engineering/local_improvement_districts
- Appraisal Institute, 2015 (with minor updates in 2020), Common Errors and Issues. Appraisal Institute: Professionals Providing Real Estate Solutions. 19 pages.

Objection to Pre-LID Assessment Value
Waterfront LID No. 6751
King County PIN: 5160650480
Address: 2021 1st Avenue Seattle, WA
Owners: Phil and Joanna Curran

We are objecting to the assessment of our property. It is identified as King Count Parcel ID 5160650480. The physical address is 2021 1st Avenue, Unit C12, Seattle WA 98121. We believe the assessment is based on an incorrect property value.

Our unit has a pre-LID assessed value of \$1,343,850. For our unit, this is a price of \$850 per square foot. Our pre-LID assessed value should be \$1,188,000 and based on a price of \$751 per square foot. I have three components in my argument to lower the assessed LID value: the condition of the building, comparable sales price per square foot in the building, and the neighborhood.

Building Valuation: The building, Market Place North (MPN), is 38 years old and many parts of the building are showing signs of deterioration or ending their service life. There have been spot repairs but not the larger ones that have recently come to light. In addition, the building has not been updated not been updated to meet the requirements of newer buildings in terms of bike storage or electrical needs. Thus, the valuation of the building cannot be as high as the newer condo buildings.

- After water intrusion was found to have decayed the balconies, an envelope study of the building identified \$20 million in needed repairs to the structure. This was in mid-2017. A lawsuit between the building and the insurance company was settled for \$6 million.
- The building is trying to determine a priority list, and the need for resident assessments.
- \$12 million of additional repair are needed but not budgeted
- The building lacks the amenities standard in new condo buildings in Seattle:
 - Does not have a 24 hour doorman
 - Does not have a general recreation room
 - Internet wiring has not been improved and cannot reach speeds needed to work reliably from home
 - Does not meet current standards for electric charging – there in no way to charge an electric vehicle in the parking garage

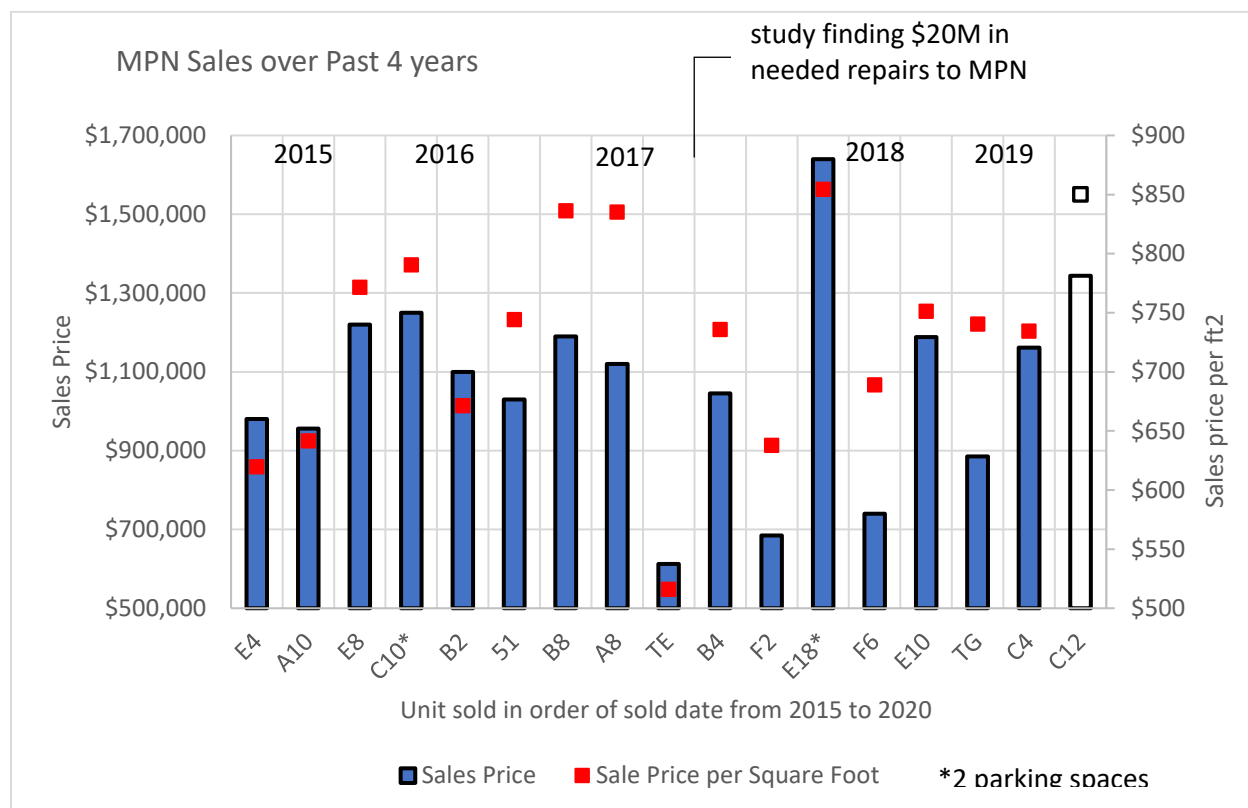
Unit Valuation: I compared the LID assessed value on a cost per square foot with the sales in the building for the past four years. I compare only to other units within the Market Place North building. Some of these are edge units with multiple window walls, some have more than one parking space, and one is a penthouse unit.

- We are not an end unit and not a top floor or penthouse unit.
- Some of our unit has been remodeled and some remains original.
- We have one parking space.

The proposed assessed value for our unit stands out as higher than all what every unit has sold for in the building other than the penthouse, illustrating that it is an over-valuation.

- The assessed price per square foot for our unit is \$850. Only the sales price for the penthouse is the higher at \$855, and it is a top floor unit (E18) with multiple views and two parking spaces.
- Our building has a unique design – there are no odd floors and even floors are combined. For example, I take the elevator to floor 10/12. Therefore, Units A10, C10, and E10 are on the same floor as Unit C12. The difference is in the unit layout from when the building was constructed.

The graph below shows the sales within the building since 2015. Please The solid blue columns are sales price; the solid red boxes are sale price per square foot; hollow column and box are the LID valuation for C12. The years are marked along the top of the graph. Note the axis are scaled to the data.



Neighborhood: As the city is aware, there are good and bad issues in the west edge/pike place neighborhood. On the good side, there are more buildings being constructed. The Emerald Condo and First Light Condo buildings are being constructed near MPN. These are high-end condos that will make very clear the deficiencies of a 40 year old building that hasn't been updated.

More buildings should help increase area resident population and overall neighborhood safety. But only if people continue to choose to live here. I awoke in October to the street gunfight outside Amber nightclub. I walk to work at the Denny Building. I recently walked home between areas shut down for gunfire (Blanchard shooting and pine/3rd). A few nights ago, I awoke when a stolen car hit a parked car outside my building. It then drove away. People need to continue to choose to live in the blocks between 1st and 5th Avenues. Pedestrians on the waterfront are not associated with 1st to 5th avenues.

Summary: Our pre-LID assessed value should be reduced to \$1,188,000 or \$751 per square foot. This aligns with comparable, recent sales in the building. A reduced value conforms with the acknowledged issues associated with a 40 year old building that has not been updated.

Sincerely,

Phil and Joanna Curran



King County

Department of Assessments

Appeals

500 Fourth Avenue, ADM-AS-0735
Seattle, WA 98104-2384

(206) 263-1950

Email: assessment.appeals@kingcounty.gov

<http://www.kingcounty.gov/assessor/>

John Wilson
Assessor

Re: BE # 1904159

Dear Taxpayer:

Enclosed is the Department of Assessments response to your appeal petition that was previously filed with the King County Board of Equalization. A copy has been provided to the Board.

If the Assessor's response recommends a change in value and you agree with this recommendation, you may forgo a hearing by following either of the two options below.

Option 1 – eAppeals

- If you filed your appeal using the online program eAppeals, log into “My Appeals” at <https://blue.kingcounty.gov/assessor/eappeals/Index.aspx> and follow the instructions for a stipulation,

Option 2 – Paper Appeal

- If you filed your appeal by submission of a paper appeal, sign and return the attached stipulation by email or US mail to the address above

In the event you do not agree with the Assessors response, you may disregard the stipulation and the Board of Equalization will continue to process your appeal. Should you have questions about hearing scheduling, you may contact the Board at (206) 477-3400.

Should you have any questions regarding the enclosed response, please contact our Appeals Section at (206) 263-1950.

Sincerely,

King County Department of Assessments

Recommendation

Property Name: MARKET PLACE NORTH PHASE I CONDOMINIUM

Account: 516065-0480

B of E: 1904159

Summary Information

	Assessment Roll Value	Assessor's Recommended Value
Land	204,900	204,900
Improvements	1,298,100	1,076,100
Total	1,503,000	1,281,000

Amended Response:

The Assessor would like to strike the previous response and replace it with the following:

Subject Description:

The subject is unit #C-12, in the Market Place North Condominium. It is a 1,581 SF living unit on the 12th floor with an Excellent Puget Sound view and 1 basement parking space. It last sold for \$785,000 on 8/12/2015. That sale is not relevant to current value due to changes in characteristics.

The subject unit was previously combined with Unit C-10 and used as an economic unit. Prior to the 2015 sale, these units were physically separated and sold as soft shells, with knowledge that they would need updating to be livable.

The Assessor raised the unit condition of Both units based on the 2016 remodel and resale of unit C-10, assuming both units had to have been similarly renovated from shell status.

However, the Assessor visited the property on 2/26/2020. Interior inspection shows the unit has been mostly updated, over time with a new kitchen, and bathroom updates. The unit still does not have a functioning heater and is heated with a space heater, and window heat exchangers in the bedrooms. Overall, this is not a gut and replace renovation and **the Assessor now considers the interior condition to be 'Good' for the age.**

Owners Position:

The owner contends a lower value based on comparable sales, and building condition issues.

The owner estimates the subject's value at \$907,810.

The owner is concerned about a pending inspection and issue with regard to replacement of the building's envelope, and its impact on value. The Assessor is aware of this concern. The project is considered by the Assessor to be in Average condition. For a building constructed in 1982, that condition considers an older project that has had

Recommendation

typical maintenance and may be in need of updates, including exterior envelope.

The owner did provide portions of inspection reports and cost estimates that were provided by the homeowner's association. Inspection reports are dated in the fall of 2017. Knowing future issues and potential special assessments from this point would tend to impact market prices leading up to that point in time and after. Sales in 2017 and 2018 would tend to reflect market value based on what information the owners had at the time. It is believed that these sales can be relied upon to support appraised value.

The owner contends value is lower based on sales. They gathered data from Realtor.com, that indicates a lower median sale price per SF for sold units in the area. They do not provide the actual sales used for comparison. Appraised values are not calculated on a price per square foot basis, as this does not take into consideration the differences in characteristics that contribute to value, such as floor level, view content and quality, etc.

Assessors Position:

For the 2019 assessment year (1/1/2019) the Assessor estimated the market value of the unit by the Market Approach, using sales from 1/1/2017 – 12/31/2018. Sales within this analysis period were time adjusted, based on current market trends, to reflect market value as of 1-1-2019. These adjusted sales prices are shown on the attached sales grid. This adjustment is not applicable to sales that closed after the appraisal date as these calculations are not accurate on sales that were not included in the mass appraisal analysis phase.

The Assessor provides a sample of sales that were used in the valuation of the subject property. All of the Assessor's sales are from the same building of the subject's project, because of the location and views associated with this project. All would be similarly affected by the suggested issues with the building's condition. The Assessor includes 2016 sales that may be somewhat dated and may have less support for building condition issues, but considering the strong market through 2018, support value for units in this project.

Assessor Sale 1 is a smaller unit, 4 floors lower than the subject. It is similarly oriented and has a similar view. The unit is in similar condition and is considered to be inferior overall to the subject unit.

Assessor Sale 2 is a smaller unit, 4 floors lower than the subject. It is similarly oriented and has a similar view. The unit is in similar condition and is considered to be inferior overall to the subject unit.

Assessor Sale 3 is a larger unit, 10 floors lower. It is in similar overall condition but has an inferior view and is considered to be inferior to the subject unit.

Assessor Sale 4 is an identically sized unit, 4 floors lower. It is considered superior condition, has a similar view, and is considered to be superior overall to the subject unit.

Assessor Sale 5 is the unit below and previously combined with the subject unit. It was completely updated prior to the 2016 sale and is considered superior condition. It has a similar view and is considered to be superior overall to the subject unit.

Recommendation

Conclusion:

After inspecting the unit, the assessor concedes that the previous condition coding of the subject unit was too high. Reducing condition to 'Good' reflects the level of updating in the subject unit and reduces the Assessor's modeled value to \$1,281,000. Based on recent sales of units in the subject's building, this reduced value appears more appropriate. The Assessor, therefore, recommends reduction of the subject's value to \$1,281,000.



2/26/2020

Craig Johnson, Commercial Appraiser



Kent Walter, Senior Appraiser

Disclaimer:

This response is not considered a single property appraisal, but rather an administrative process complying with the Assessor's responsibilities as outlined in RCW 84.48.150. The information provided here is evidence in support of the valuation of this single property which was produced via a mass appraisal process developed and reported in accordance with Standards 5 and 6 of the Uniform Standards of Professional Appraisal Practice. Copies of the area mass appraisal report are available at (<http://www.kingcounty.gov/depts/assessor/Reports/area-reports.aspx>)

Subject Property and Assessor List of Sales

	1904159				
Appellant	CURRAN PHILIP JAMES III+JOA				

	Subject	Subj Sale1	Sale1	Sale2	Sale3
Parcel Number	516065-0480	516065-0480	516065-0350	516065-0400	516065-0370
Address	2021 1ST AVE	2021 1ST AVE	2021 1ST AVE	2021 1ST AVE #B-8	2021 1ST AVE #B2
Project Name	MARKET PLACE NORTH PHASE I CONDOMINIUM	MARKET PLACE NORTH PHASE I CONDOMINIUM	MARKET PLACE NORTH PHASE I CONDOMINIUM	MARKET PLACE NORTH PHASE I CONDOMINIUM	MARKET PLACE NORTH PHASE I CONDOMINIUM
Neighborhood	Regrade	Regrade	Regrade	Regrade	Regrade
QSTR	NE-31-25-4	NE-31-25-4	NE-31-25-4	NE-31-25-4	NE-31-25-4
Sales Price		785,000	1,120,000	1,190,000	1,100,000
Adj Sales Price			1,210,869	1,238,894	1,362,497
Sale Date		8/12/2015	8/4/2017	12/27/2017	8/31/2016
SP/SqFt	0.00	497.00	835.00	836.00	672.00
Excise Number		2749718	2882627	2908707	2820204
Sales Warnings		ESTATE ADMINISTRATOR, GUARDIAN, OR EXECUTOR; IMP. CHARACTERISTICS CHANGED SINCE SALE; AND OTHER WARNINGS;			NO MARKET EXPOSURE;
Land / Unit	525	525	525	525	525
# Bldgs	5	5	5	5	5
# Units	91	91	91	91	91
Stories	21	21	21	21	21
Const Class	REINFORCED CONCRETE	REINFORCED CONCRETE	REINFORCED CONCRETE	REINFORCED CONCRETE	REINFORCED CONCRETE
Bldg Quality	GOOD/EXCELLENT	GOOD/EXCELLENT	GOOD/EXCELLENT	GOOD/EXCELLENT	GOOD/EXCELLENT
Yr Built / EffYr	1982/1982	1982/1982	1982/1982	1982/1982	1982/1982
Project Location	ABOVE AVERAGE	ABOVE AVERAGE	ABOVE AVERAGE	ABOVE AVERAGE	ABOVE AVERAGE
Project Appeal	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE
Conversion	N	N	N	N	N
Waterfront	0	0	0	0	0
Bldg #	M	M	M	M	M
Unit #	C-12	C-12	A-8	B-8	B-2
Floor #	12	12	08	08	02
Unit Type	Townhouse	Townhouse	Townhouse	Townhouse	Townhouse
# Bedrooms	2	2	2	2	2
# Baths	2.00	2.00	2.00	2.00	2.00
Unit Size	1,581	1,581	1,341	1,423	1,638
PcntOwnership	1.2244	1.2244	0.9488	1.0351	0.9693
End Unit	N	N	Y	N	N
Top Floor	N	N	N	N	N
Parking Spaces	1 bsmt	1 bsmt	1 bsmt	1 bsmt	1 bsmt
View Mountain					
View Lake River					
ViewCityTerr					
ViewPugetSound	Excellent	Excellent	Excellent	Excellent	Average
ViewLakeWaSamm					
Unit Condition	Good	Good	Good	Good	Good

Subject Property and Assessor List of Sales

	1904159
Appellant	CURRAN PHILIP JAMES III+JOA

	Subject	Sale4	Sale5		
Parcel Number	516065-0480	516065-0610	516065-0470		
Address	2021 1ST AVE	2021 1ST AVE	2021 1ST AVE		
Project Name	MARKET PLACE NORTH PHASE I CONDOMINIUM	MARKET PLACE NORTH PHASE I CONDOMINIUM	MARKET PLACE NORTH PHASE I CONDOMINIUM		
Neighborhood	Regrade	Regrade	Regrade		
QSTR	NE-31-25-4	NE-31-25-4	NE-31-25-4		
Sales Price		1,220,000	1,250,000		
Adj Sales Price		1,555,632	1,669,598		
Sale Date		7/6/2016	4/14/2016		
SP/SqFt	0.00	772.00	791.00		
Excise Number		2809775	2790774		
Sales Warnings			CONDO WITH GARAGE, MOORAGE, OR STORAGE;		
Land / Unit	525	525	525		
# Bldgs	5	5	5		
# Units	91	91	91		
Stories	21	21	21		
Const Class	REINFORCED CONCRETE	REINFORCED CONCRETE	REINFORCED CONCRETE		
Bldg Quality	GOOD/EXCELLENT	GOOD/EXCELLENT	GOOD/EXCELLENT		
Yr Built / EffYr	1982/1982	1982/1982	1982/1982		
Project Location	ABOVE AVERAGE	ABOVE AVERAGE	ABOVE AVERAGE		
Project Appeal	AVERAGE	AVERAGE	AVERAGE		
Conversion	N	N	N		
Waterfront	0	0	0		
Bldg #	M	M	M		
Unit #	C-12	E-8	C-10		
Floor #	12	08	10		
Unit Type	Townhouse	Townhouse	Townhouse		
# Bedrooms	2	2	2		
# Baths	2.00	2.00	2.00		
Unit Size	1,581	1,581	1,581		
PcntOwnership	1.2244	1.1009	1.2015		
End Unit	N	N	N		
Top Floor	N	N	N		
Parking Spaces	1 bsmt	1 bsmt	1 bsmt		
View Mountain					
View Lake River					
ViewCityTerr					
ViewPugetSound	Excellent	Excellent	Excellent		
ViewLakeWaSamm					
Unit Condition	Good	Excellent	Excellent		

Subject Property



Subject:

Assessor's Sales



Subj Sale 1: 8/12/2015 \$785,000; Pcl 516065-0480



Sale 1: 8/4/2017 \$1,120,000; Pcl 516065-0350



Sale 2: 12/27/2017 \$1,190,000; Pcl 516065-0400



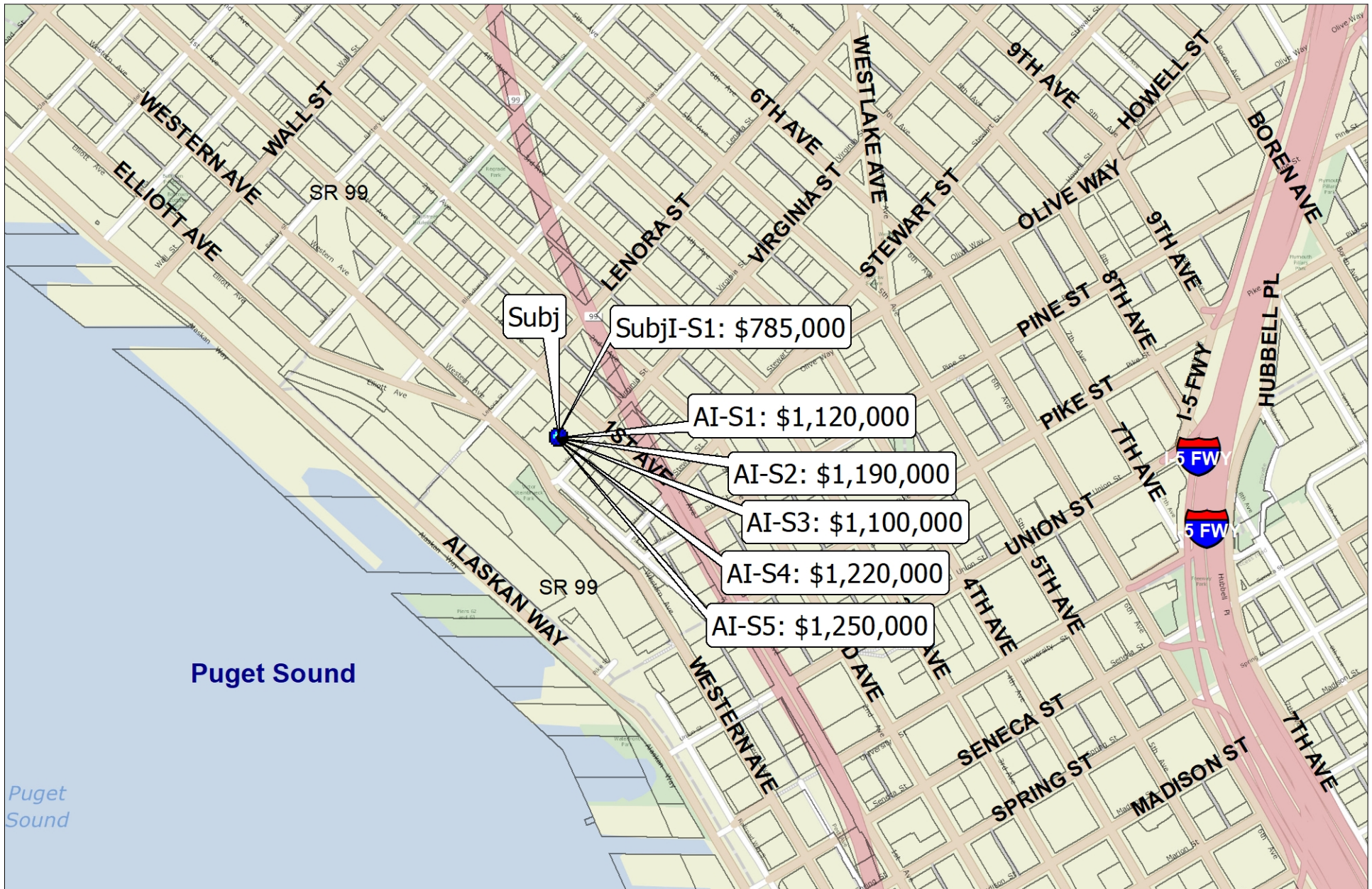
Sale 3: 8/31/2016 \$1,100,000; Pcl 516065-0370



Sale 4: 7/6/2016 \$1,220,000; Pcl 516065-0610



Sale 5: 4/14/2016 \$1,250,000; Pcl 516065-0470



Assessor
Improvement Sales

Assessor
Vacant Sales

Petitioner
Improvement Sales

Petitioner
Vacant Sales

The information included on this map has been compiled by King County staff from a variety of sources and is subject to change without notice. King County makes no representation or warranties, express or implied, as to the accuracy, completeness, timeliness, or rights to the use of such information. King County shall not be liable for any general, special, indirect, incidental, or consequential damages including, but not limited to, lost revenues or lost profits resulting from the use or misuse of the information contained on this map. Any sale of this map or information on this map is prohibited except by written permission of King County.



King County
Assessments
2/28/20

**ASSESSOR'S RESPONSE TO
REAL PROPERTY APPEAL BEFORE THE
King County Board of Equalization**

This appeal answer (appraisal report) is intended for use by the Local Board of Equalization and/or the Washington State Board of Tax Appeals and the King County Dept. of Assessments. As such it is written in concise form to minimize paperwork. The assessor intends that this report conform to the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a Summary Appraisal Report as stated in USPAP SR 2-2 (b) For additional information in support of this report please refer to the specific Area Revalue Report, the Assessor's property information, relevant Assessor maps and this case work file.

Purpose and Use: The purpose of this report is the assessor's response to an appeal of the 2019 assessment year value of the subject real property to the King County Board of Equalization. This is a Summary Appraisal report and is intended for use only by the Board together with other assessor's records as stated above. The information and conclusions are only valid for ad valorem property taxation purposes and cannot be relied upon for other valuation purposes.

Client Identified: The Appraiser's client is the King County Assessor.

Property Interest Appraised: Fee Simple

Wash Constitution Article 7 § 1 Taxation: All taxes shall be uniform upon the same class of property within the territorial limits of the authority levying the tax and shall be levied and collected for public purposes only. The word "property" as used herein shall mean and include everything, whether tangible or intangible, subject to ownership. All real estate shall constitute one class.

Trimble v. Seattle, 231 U.S. 683, 689, 58 L. Ed. 435, 34 S. Ct. 218 (1914) "the entire [fee] estate is to be assessed and taxed as a unit"

Folsom v. Spokane County, 111 Wn. 2d 256 (1988) "the ultimate appraisal should endeavor to arrive at the fair market value of the property as if it were an unencumbered fee"

Market Value

The basis of all assessments is the true and fair value of property. True and fair value means market value (Spokane etc. R. Company v. Spokane County, 75 Wash. 72 (1913); Mason County Overtaxed, Inc. v. Mason County, 62 Wn. 2d (1963); AGO 57-58, No. 2, 1/8/57; AGO 65-66, No. 65, 12/31/65). The true and fair value of a property in money for property tax valuation purposes is its "market value" or amount of money a buyer willing but not obligated to buy would pay for it to a seller willing but not obligated to sell. In arriving at a determination of such value, the assessing officer can consider only those factors which can within reason be said to affect the price in negotiations between a willing purchaser and a willing seller, and he must consider all of such factors. (AGO 65,66, No. 65, 12/31/65)

A retrospective market value is reported here because the date of the report is subsequent to the effective date of appraisal. The analysis reflects market conditions existing on the effective date of appraisal.

Effective Date of Appraisal: 1/1/2019

Assumptions and Limiting Conditions:

- No opinion as to title is rendered. Data on ownership and legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions unless shown on maps or property record files. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.
- No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.
- No responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.
- No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.
- Maps, plats and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.

- The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.
- The appraisal is the valuation of the fee simple interest. Unless shown on the Assessor's parcel maps, or otherwise in the Assessor's database, easements adversely affecting property value were not considered.
- An attempt to segregate personal property from the real estate in this appraisal has been made.
- Items which are considered "typical finish" and generally included in a real property transfer, but are legally considered leasehold improvements, are included in the valuation unless otherwise noted.
- I have considered the effect of value of those anticipated public and private improvements of which I have common knowledge. I can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.
- Rental areas herein discussed have been calculated in accord with generally accepted industry standards.
- The projections included in this report are utilized to assist in the valuation process and are based on current market conditions and anticipated short term supply demand factors. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.
- The movable equipment and/or fixtures have not been appraised as part of the real estate. The identifiable permanently fixed equipment has been appraised in accordance with RCW 84.04.090 and WAC 458-12-010.

SUBJECT PROPERTY DESCRIPTION: See attached sales report.

HIGHEST AND BEST USE:

RCW 84.40.030 All property shall be valued at one hundred percent of its true and fair value in money and assessed on the same basis unless specifically provided otherwise by law.

An assessment may not be determined by a method that assumes a land usage or highest and best use not permitted, for that property being appraised, under existing zoning or land use planning ordinances or statutes or other government restrictions.

WAC 458-07-030 (3) True and fair value -- Highest and best use. Unless specifically provided otherwise by statute, all property shall be valued on the basis of its highest and best use for assessment purposes. Highest and best use is the most profitable, likely use to which a property can be put. It is the use which will yield the highest return on the owner's investment. Any reasonable use to which the property may be put may be taken into consideration and if it is peculiarly adapted to some particular use, that fact may be taken into consideration. Uses that are within the realm of possibility, but not reasonably probable of occurrence, shall not be considered in valuing property at its highest and best use.

If a property is particularly adapted to some particular use this fact may be taken into consideration in estimating the highest and best use. (Samish Gun Club v. Skagit County, 118 Wash. 578 (1922)) The present use of the property may constitute its highest and best use. The appraiser shall, however, consider the uses to which similar property similarly located is being put. (Finch v. Grays Harbor County, 121 Wash. 486 (1922)) The fact that the owner of the property chooses to use it for less productive purposes than similar land is being used shall be ignored in the highest and best use estimate. (Samish Gun Club v. Skagit County, 118 Wash. 578 (1922))

Where land has been classified or zoned as to its use, the county assessor may consider this fact, but he shall not be bound to such zoning in exercising his judgment as to the highest and best use of the property. (AGO 63-64, No. 107, 6/6/64)

Highest and best use is the reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

The highest and best use for the subject property has been estimated to be:

As if vacant: MULTI-FAMILY DWELLING

As improved: PRESENT USE

Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of this site. The existing use will continue until land value, in its highest and best use, exceeds the sum of the value of the entire property in its existing use and the cost to remove the improvements. We find that the current improvements do add value to the property, and therefore are the highest and best use of the property as improved.

SCOPE OF WORK PERFORMED:

As previously stated, the purpose of this valuation is for appeal response purposes. The original opinion of value as certified and listed on the Assessor's roll was determined to be incorrect for the stated assessment year. The value recommended in this response is considered to more accurately reflect the subject property's market value based on corrected and/or additional

information and/or a reconsideration of the subject's competitiveness in the marketplace.

The King County Department of Assessments utilizes sales obtained from Excise Tax Affidavits filed with the King County Records and Elections Division. Sales between 1/1/2016 and 1/1/2020 were considered as the population from which to select the comparables utilized in this report. These sales are assumed to be arm's length transactions based on initial screening in the sales verification process. These sales and the property characteristic data associated with the sales prices has not been confirmed by another appraiser. Sales, if included, are reported in tabular form within this report. The appraiser is unaware of any pending sale options/listing for sale on the subject property as of the effective date of appraisal. Income and expense information, if utilized in this report, was gathered during the revalue process via property surveys, interviews and published reports. Additional income and expense data when supplied or discovered may also be considered. The cost information, when reported in the cost approach section, is based on the Marshall and Swift Cost Estimator Program adjusted to the local market unless otherwise stated.

Subject's three year sale history:
None

VALUATION METHODS:

Cost Approach: Approach through which an appraiser derives a value indication of the fee simple interest in a property by estimating the current cost to construct a reproduction of or replacement for an existing structure, deducting for all evidence of accrued depreciation from the cost of the reproduction or replacement structure, and adding the estimated land value and entrepreneurial profit. Approach NOT Applicable: The cost approach is not applicable in this appraisal due to the age of the subject property and the difficulties associated with estimating accrued depreciation.

Sales Comparison Approach: Approach through which an appraiser derives a value indication by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison and making adjustments, based on the elements of comparison, to the sales prices of the comparables. See attached subject property and Assessor List of Sales.

Income Approach: Approach through which an appraiser derives a value indication for income-producing properties by converting anticipated benefits, i.e., cash flow and reversions, into property value. See attached subject property and income.

RECONCILIATION AND CONCLUSION:

See attached recommendation report.

CERTIFICATION: I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this appeal are true and correct.
- The appeal analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this appeal and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this appeal or to the parties involved.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this appeal has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have not made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- Any services regarding the subject property performed by me within the prior three years as an appraiser or in any other capacity are listed below:

Revalued (2016, 2017, 2018, 2019)
Updated data

Appraiser Signature



Date 2/26/2020

CONDO GLOSSARY OF TERMS

Updated 4/18/2011

The following has been prepared to help explain the terms used in the column headings of the subject property and Assessor's List of Sales. Data is from the Assessor's database.

- **Sales-** Assessor's sales are numbered; petitioner's sales are lettered. These are often referenced in the "Notes" section.
- **Address-** Property address on file with the Assessor.
- **QSTR-** Quarter Section (01=NE; 02=NW; 03=SW; 04=SE), Township and Range (location of parcel).
- **Sales Price-** Sales price as stated on a recorded Excise Tax Affidavit.
- **Sales Date-** Date corresponding to a specific Excise Tax Affidavit.
- **Time Adjusted Sales Price-** Is the sale price, adjusted for market changes from the sale date to the date of appraisal. It is derived from statistically analyzing sales prices over a two year period, resulting in a daily adjustment factor. This factor, when applied to each sale, produces an adjusted price that closely approximates what the property would have sold for on the appraisal date.
- **Parcel Number-** Assessor's property tax account number.
- **Excise Number-** Number assigned to a specific Excise Tax Affidavit.
- **Sales Warnings-** Coded "yes" if there is additional information regarding a specific sale. See "Warnings" section.
- **#Bldgs-** Number of buildings in a project.
- **#Units-** Number of units in a project.
- **Stories-** The number of floors in a building.
- **Const Class-** The material and method of construction for the project.
- **Bldg Quality-** The overall quality of the buildings in the project.
- **Yr Built/EffYr-** the year the project was built / followed by the year reflecting the effective year built (age).
- **Project Location-** The relative quality of the location on which the project was built.
- **Project Appeal-** The overall appeal of the project.
- **Conversion-** Will show "Yes" if the project was converted from an older apartment building.
- **Waterfront-** Will show "Yes" if the project is sited on waterfront.
- **Bldg#-** Building in which the subject unit is located.
- **Unit#-** The number assigned to the unit as an address identifier.
- **Floor-** The floor location on which the unit is located.
- **Unit Type-** The floor plan type of the unit. (Flat, Townhouse, Penthouse etc.)
- **#Bedrooms-** The number of bedrooms in the unit.
- **#Baths-** The total number of baths in the unit.
- **Unit Size-** The living area of the unit in square feet as recorded.
- **PcntOwnership-** The percentage each unit owns in the common areas of the project.
- **End Unit-** A unit at the end of the building. Typically has a corner with windows on two or more adjacent walls.
- **Top Floor-** Will code "Y" if the unit is on the top floor of the building.
- **Parking spaces-** Will show the number and type of parking associated with each unit.
- **Views-** For each classification will display blank for no view or "Fair", "Average", "Good" or "Excellent" to reflect the quality of view for that unit.