

# Retirement & Nursing Homes

Specialty Areas: 153 & 174

*Commercial Revalue for 2021 Assessment Roll*



**King County**

**Department of Assessments**

*Setting values, serving the community, and pursuing excellence*

201 S. Jackson St., Room 708

Seattle, WA 98104-2384

OFFICE (206) 296-7300 FAX (206) 296-0595

Email: [assessor.info@kingcounty.gov](mailto:assessor.info@kingcounty.gov)

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



**King County**

**Department of Assessments**



## King County

**Department of Assessments  
King Street Center**

201 South Jackson Street, KSC-AS-0708  
Seattle, WA 98104

OFFICE: (206) 296-7300      FAX (206) 296-0595

Email: [assessor.info@kingcounty.gov](mailto:assessor.info@kingcounty.gov)

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

***John Wilson  
Assessor***

Dear Property Owners,

Our field appraisers work hard throughout the year to visit properties in neighborhoods across King County. As a result, new commercial and residential valuation notices are mailed as values are completed. We value your property at its "true and fair value" reflecting its highest and best use as prescribed by state law (RCW 84.40.030; WAC 458-07-030).

We continue to work to implement your feedback and ensure we provide you accurate and timely information. We have made significant improvements to our website and online tools to make interacting with us easier. The following report summarizes the results of the assessments for your area along with a map. Additionally, I have provided a brief tutorial of our property assessment process. It is meant to provide you with background information about our process and the basis for the assessments in your area.

Fairness, accuracy and transparency set the foundation for effective and accountable government. I am pleased to continue to incorporate your input as we make ongoing improvements to serve you. Our goal is to ensure every taxpayer is treated fairly and equitably.

Our office is here to serve you. Please don't hesitate to contact us if you ever have any questions, comments or concerns about the property assessment process and how it relates to your property.

In Service,

John Wilson  
King County Assessor

# How Property Is Valued

King County along with Washington's 38 other counties use mass appraisal techniques to value all real property each year for property assessment purposes.

## What Are Mass Appraisal Techniques?

In King County the Mass Appraisal process incorporates statistical testing, generally accepted valuation methods, and a set of property characteristics for approximately 700,000 residential, commercial and industrial properties. More specifically for commercial property, the Assessor breaks up King County into geographic or specialty (i.e., office buildings, warehouses, retail centers, etc.) market areas and annually develops valuation models using one or more of the three standard appraisal indicators of value: Cost, Sales Comparison (market) and Income. For most commercial properties the income approach is the primary indicator of value. The results of the models are then applied to all properties within the same geographic or specialty area.

## Are Properties Inspected?

All property in King County is physically inspected at least once during each six year cycle. Each year our appraisers inspect a different geographic neighborhood. An inspection is frequently an external observation of the property to confirm whether the property has changed by adding new improvements or shows signs of deterioration more than normal for the property's age. From the property inspections we update our property assessment records for each property. In cases where an appraiser has a question, they will approach the occupant to make contact with the property owner or leave a card requesting the taxpayer contact them.

### RCW 84.40.025 - Access to property

For the purpose of assessment and valuation of all taxable property in each county, any real or personal property in each county shall be subject to visitation, investigation, examination, discovery, and listing at any reasonable time by the county assessor of the county or by any employee thereof designated for this purpose by the assessor.

In any case of refusal to such access, the assessor shall request assistance from the department of revenue which may invoke the power granted by chapter [84.08](#) RCW.

## How Are Commercial Properties Valued?

The Assessor collects a large amount of data regarding commercial properties: cost of construction, sales of property, and prevailing levels of rent, operating expenses, and capitalization rates. Statistical analysis is conducted to establish relationships between factors that might influence the value of commercial property. Lastly valuation models are built and applied to the individual properties. For income producing properties, the following steps are employed to calculate an income approach:

1. Estimate potential gross income
2. Deduct for vacancy and credit loss
3. Add miscellaneous income to get the effective gross income
4. Determine typical operating expenses
5. Deduct operating expenses from the effective gross income
6. Select the proper capitalization rate
7. Capitalize the net operating income into an estimated property value

## How is Assessment Uniformity Achieved?

The Assessor achieves uniformity of assessments through standardization of rate tables for incomes, operating expenses, vacancy and credit loss collections and capitalization rates which are uniformly applied to similarly situated commercial properties. Rate tables are generated annually that identify specific rates based on location, age, property type, improvement class, and quality grade. Rate tables are annually calibrated and updated based on surveys and collection of data from local real estate brokers, professional trade publications, and regional financial data sources. With up-to-date market rates we are able to uniformly apply the results back to properties based on their unique set of attributes.

Where there is a sufficient number of sales, assessment staff may generate a ratio study to measure uniformity mathematically through the use of a coefficient of dispersion (aka COD). A COD is developed to measure the uniformity of predicted property assessments. We have adopted the Property Assessment Standards prescribed by the International Association of Assessing Officers (aka IAAO) that may be reviewed at [www.IAAO.org](http://www.IAAO.org). The following are target CODs we employ based on standards set by IAAO:

| Type of Property - General                                     | Type of Property - Specific   | COD Range                    |
|--|---|------------------------------|
| Single-family Residential (including residential condominiums) | Newer or more homogeneous areas                                       | 5.0 to 10.0                  |
| Single-family Residential                                      | Older or more heterogeneous areas                                     | 5.0 to 15.0                  |
| Other residential  | Rural, seasonal, recreational, manufactured housing, 2-4-unit housing | 5.0 to 20.0                  |
| Income-Producing Properties                                    | Larger areas represented by samples                                   | 5.0 to 15.0                  |
| Income-Producing Properties                                    | Smaller areas represented by smaller samples                          | 5.0 to 20.0                  |
| Vacant Land  |   | 5.0 to 25.0                  |
| Other Real and Personal Property                               |   | Varies with local conditions |

Source: IAAO, *Standard on Ratio Studies*, 2013, Table 1-3.

More results of the statistical testing process is found within the attached area report.

## Requirements of State Law

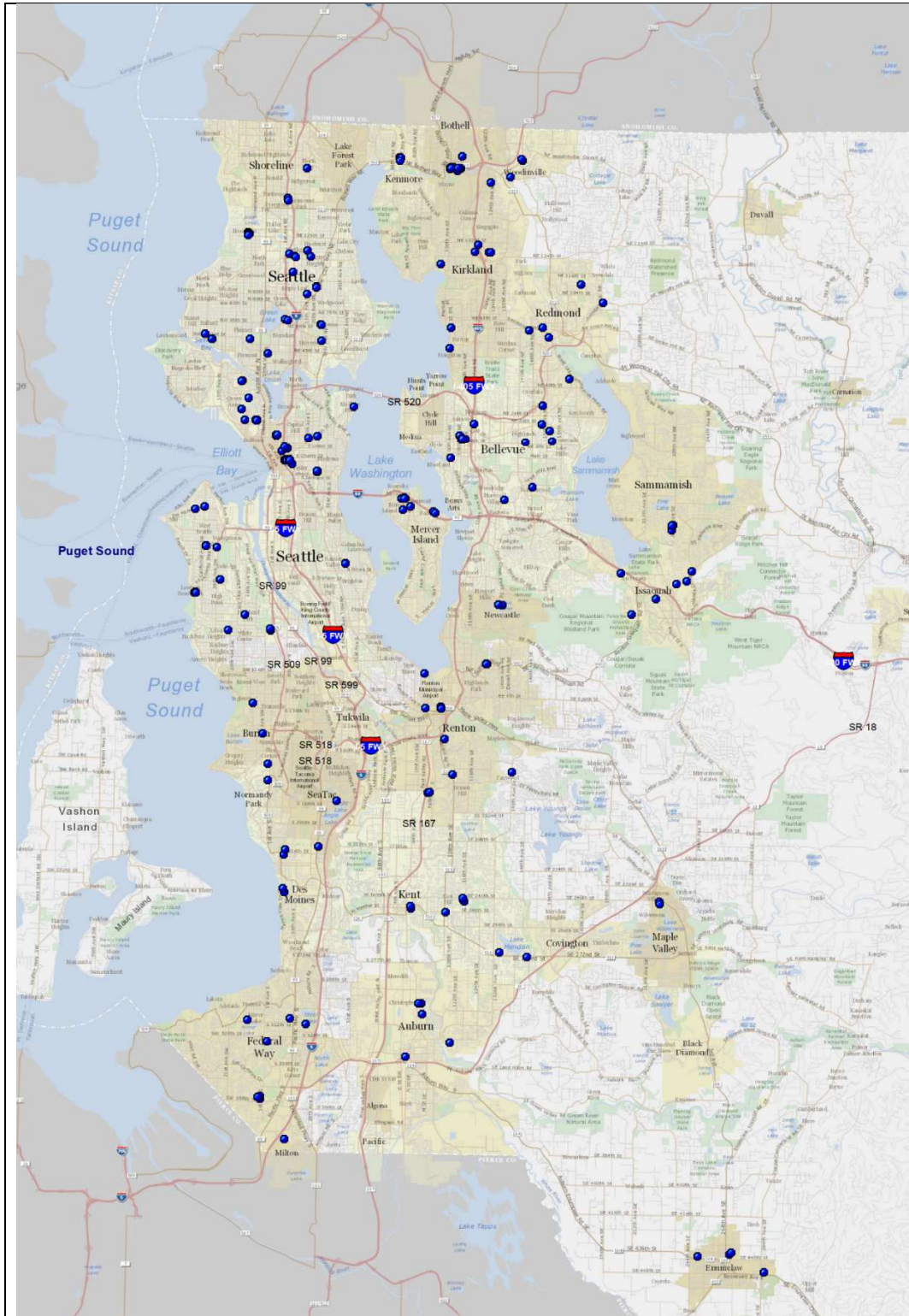
Within Washington State, property is required to be revalued each year to market value based on its highest and best use. (RCW 84.41.030; 84.40.030; and WAC 458-07-030). Washington Courts have interpreted fair market value as the amount of money a buyer, willing but not obligated to buy, would pay to a seller willing but not obligated to sell. Highest and Best Use is simply viewed as the most profitable use that a property can be legally used for. In cases where a property is underutilized by a property owner, it still must be valued at its highest and best use.

## Appraisal Area Reports

The following area report summarizes the property assessment activities and results for a general market area. The area report is meant to comply with state law for appraisal documentation purposes as well as provide the public with insight into the mass appraisal process.

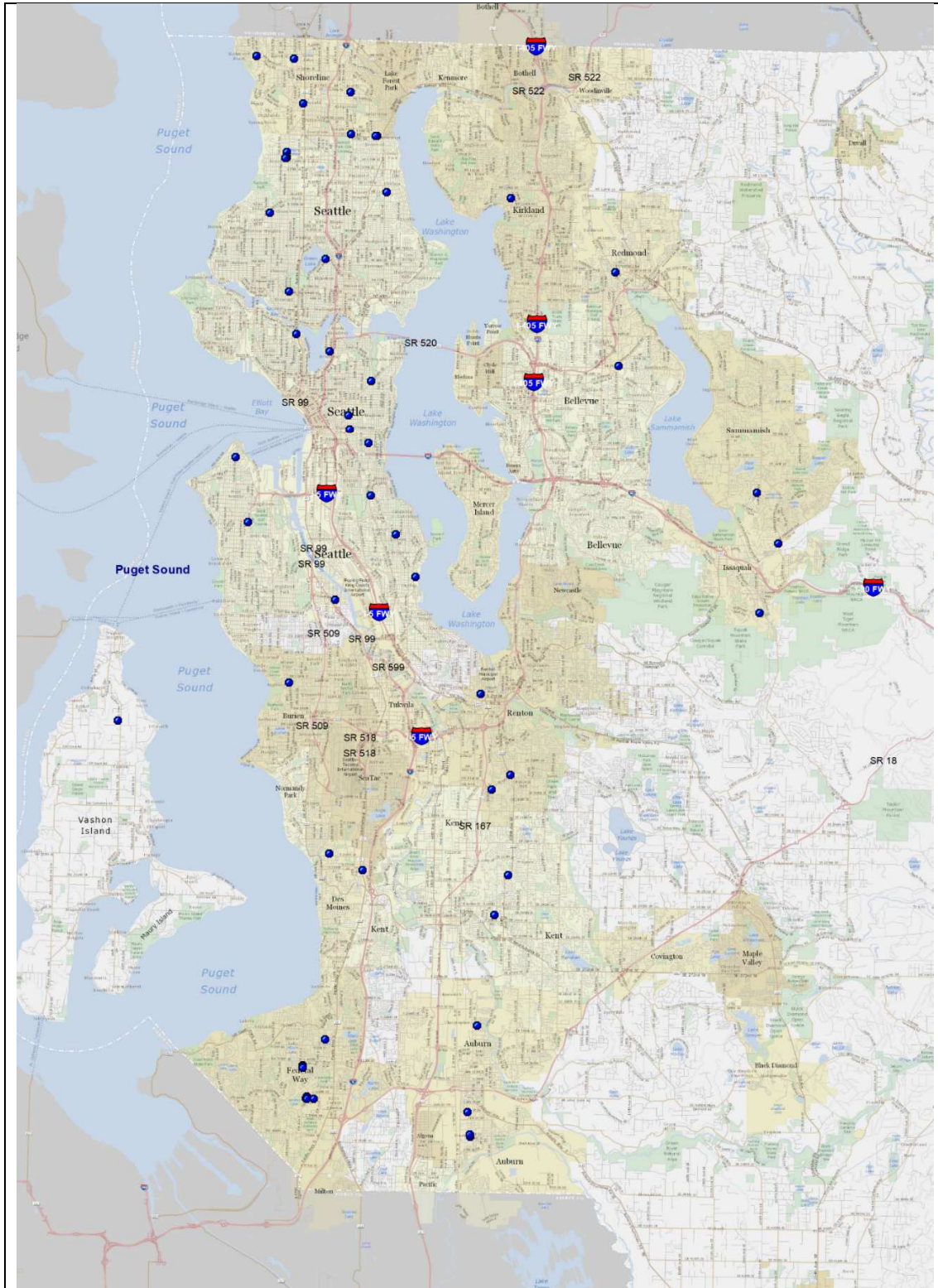


# Specialty 153 Parcel Map



Specialty Area 153  
2021 Assessment Year

# Specialty 174 Parcel Map





# Executive Summary Report

**Effective Date of Appraisal:** January 1, 2021 – 2021 Assessment Roll

**Date of Appraisal Report:** August 18, 2021

## Specialty Name

- Retirement Homes, Specialty Area 153
- Nursing Homes, Specialty Area 174

**Physical Inspection:** Selected retirement homes and nursing homes from the South King County super group were physically inspected. These properties were inspected in 2021 prior to posting the specialty area 153 and 174 values.

## Improved Sales Summary

### Specialty Area 153

- Number of sales: 0
- Range of sales dates: 01/01/2018 – 01/01/2021
- There were no sales of senior retirement homes that meet the requirements of a fair market transaction in the past three years.

### Specialty Area 174

- Number of sales: 1
- Range of sales dates: 01/01/2018 – 02/01/2021
- There was one sale of a nursing home that meet the requirements of a fair market transaction in the past three years.

All improved sales that were verified as market sales that did not have major renovation or have not been segregated or merged between the date of sale and the date of appraisal were included in the analysis. Transactions not identified as market sales include: properties sold as a portion of a bulk portfolio sale; restructuring or partial interest sales that have the same or related entities as both buyers and sellers (RIDEA transactions), unknown value for personal property and business value included in the sales price; sales that have had major renovations after the sale, or have been converted to another use.

### Sales - Ratio Study Summary

Due to the limited number of sales in specialty areas 153 and 174, a ratio study is not included. The ratio study would not be considered statistically valid.

### Population – Parcel Summary Data

There are a total of 395 parcels within specialty Areas 153 and 174. Within Area 153, 340 parcels accommodate 157 retirement homes, and 115 of these are condominium units. There are 45 nursing homes in Area 174 with comprise a total of 55 parcels. The population includes both improved and vacant parcels. Facilities that have both retirement and nursing services are assigned to the category appropriate for most units.

### Specialty Area 153 – Retirement Homes

| TOTAL POPULATION SUMMARY DATA |                 |                 |                 |
|-------------------------------|-----------------|-----------------|-----------------|
|                               | Land            | Improvement     | Total           |
| 2020 Value                    | \$1,095,866,352 | \$2,276,127,098 | \$3,371,993,450 |
| 2021 Value                    | \$1,035,741,200 | \$2,253,846,300 | \$3,289,587,500 |
| Change                        | -\$60,125,152   | -\$22,280,798   | -\$82,405,950   |
| % Change                      | -5.49%          | -0.98%          | -2.44%          |

### Specialty Area 174 – Nursing Homes

| TOTAL POPULATION SUMMARY DATA |               |               |               |
|-------------------------------|---------------|---------------|---------------|
|                               | Land          | Improvement   | Total         |
| 2020 Value                    | \$259,452,200 | \$103,213,400 | \$362,665,600 |
| 2021 Value                    | \$250,686,200 | \$217,122,500 | \$467,808,700 |
| Change                        | -\$8,766,000  | \$113,909,100 | \$105,143,100 |
| % Change                      | -3.38%        | 110.36%       | 28.99%        |

### Conclusions and Recommendations

With no market transactions of retirement homes (Spec 153) and only one nursing home sale (Spec 174), there were insufficient sales to rely on the Sales Comparison Approach in the 2021 revalue.

The lack of sales data combined with the difficulty in separating going concern value from the real property value makes the Income Approach undesirable.

The Cost Approach was the methodology used to value Specialty 153 properties as it recognizes only the value for the real estate component of these retirement homes. Some changes to improvement values were due to previous incorrect building section classifications that were identified and corrected. In aggregate, changes to improvement value was minimal.



The Cost Approach was also the methodology used to value Specialty Area 174 properties due to insufficient market income data availability of real property leases for analysis. The Cost Approach recognizes the value of the real estate component of these retirement nursing homes. The improvement values for nursing home properties increased significantly for several reasons:

- Prior income tables utilized lower triple net lease rates and a 30% - 35% expense ratio. Triple net lease rates reflect tenant's responsibility for expenses, so the 2020 values were artificially low.
- Effective age estimates did not accurately reflect the life expectancy of nursing home properties and were overly depreciated. This again resulted in lower values.
- Some of the artificially low 2020 Income valuations (for reasons noted above) resulted in a \$1,000 improvement value (because land value exceeded income value). In utilizing the Cost Approach, land value is added to the depreciated cost of the improvement value which resulted in significant increases to improvements previously valued at \$1,000.

Covid 19 resulted in a reduction in occupancy for senior housing and nursing home properties. An external obsolescence adjustment was made to reflect the impact of COVID-19 on the retirement and nursing home values as of January 1, 2021. This adjustment was estimated based upon the difference in occupancy levels as reported in the NIC MAP Metro Report 4<sup>th</sup> Quarter 2019 (pre-pandemic) and NIC MAP Metro Report 4<sup>th</sup> Quarter 2020 for assisted living facilities and nursing homes in King County. The NIC MAP Metro Report 4<sup>th</sup> Quarter 2020 report also provided the King County Sub-Market Assisted Living Average Daily Unit Rate of \$193.10 (\$5793/mo./365) which was used to calculate all Specialty 153 lump sum deductions as well as the King County Sub-Market average Nursing Home Bed rent rate of \$108 (\$403 less \$295 allocated to typical services associated in bed rate per 35<sup>th</sup> SNF Cost Comparison and Industry Trends Report (2020) by Clifton Larson Allen LLP) for all Specialty 174 properties. Absorption periods of 24 months for both specialties were based upon CBRE U.S. Seniors Housing & Care Investor Survey H2 2020. Discount rates of 10.6% and 14.9% were based upon information provided in the 26<sup>th</sup> Annual Senior Housing Investment Survey 2020.

Specialty 153 has an overall decrease in the assessed total value of 2.44% and Specialty 174 properties increased in value to 28.99% due to a change in value methodology (due to a lack of data) and corrections to property characteristics. The recommended values do not include the limited new construction values that will be valued later.

The values recommended in this report are intended to improve uniformity, assessment level and equity. In consideration of current market conditions, it is recommended that these values be posted for the 2021 assessment year.

## Identification of the Specialty Areas

### Specialty Area 153 Neighborhoods

| Neighborhood Number      | Name                  | Neighborhood Number      | Name                     |
|--------------------------|-----------------------|--------------------------|--------------------------|
| <b>Central Seattle</b>   |                       | <b>South Seattle</b>     |                          |
| 15                       | Lower Queen Anne      | 165                      | Skyway                   |
| 20                       | South Lake Union      | 200                      | Highland Park            |
| 40                       | Madison Park / Leschi | 215                      | High Point               |
| 45                       | Queen Anne            | <b>South King County</b> |                          |
| 65                       | Capitol Hill East     | 240                      | Des Moines               |
| 85                       | First Hill            | 245                      | Burien                   |
| <b>West Seattle</b>      |                       | 255                      | Sea Tac                  |
| 225                      | Junction              | 270                      | Federal Way              |
| 230                      | Alki / Fauntleroy     | 290                      | Auburn North             |
| 235                      | Admiral               | 300                      | Enumclaw / Black Diamond |
| <b>North Seattle</b>     |                       | 305                      | Kent Valley              |
| 90                       | Greenwood             | 310                      | Covington / Maple Valley |
| 95                       | Lake City             | 315                      | Renton                   |
| 100                      | Northgate             | 320                      | Benson / East Hill       |
| 110                      | University            | 330                      | Renton Highlands         |
| 115                      | Wallingford           | <b>Eastside</b>          |                          |
| 125                      | Wedgewood             | 340                      | Mercer Island            |
| 135                      | Leary                 | 350                      | Issaquah                 |
| 145                      | Ballard West          | 360                      | Bellevue West            |
| 150                      | Greenlake             | 365                      | Bellevue East            |
| 155                      | Phinney               | 370                      | Kirkland                 |
| <b>North King County</b> |                       | 380                      | Totem Lake               |
| 385                      | Bothell               | 425                      | Woodinville              |
| 400                      | Kenmore               | 430                      | Redmond                  |
| 415                      | Shoreline East        | <b>Rural King County</b> |                          |
| 420                      | Shoreline West        | 465                      | Snoqualmie               |

### Specialty Area 174 Neighborhood

- 10 – King County

**Area Boundaries :** All nursing homes and retirement facilities within King County are included.

#### Maps

A general map of the area is included in this report. More detailed Assessor's maps are located on the seventh floor of the King Street Center or the Assessor's website.

## Area Overview

### Retirement Facilities (153)

The most common types of senior housing are independent living, assisted living, and continuing care retirement communities (CCRC). In addition, some assisted living facilities have a special memory care section of the facility for persons with Alzheimer's or other forms of dementia. Full memory care units do not have kitchens and are secure to prevent the residents from wandering on their own. Regulations specify these facilities must provide qualified staff to be present at all times. Although there are no universally accepted standard definitions, retirement facilities can generally be characterized as follows:

Independent Living or Congregate senior housing is multi-family housing designed for seniors who pay for some services (e.g., housekeeping, transportation, and meals) as part of the monthly fee or rental rate, but who require little, if any, assistance with the activities of daily living. They may have some home healthcare type services (e.g., eating, transferring from a bed or chair, and bathing) provided to them by in-house staff or an outside agency. Congregate seniors housing is not regulated by the federal government and may or may not be licensed at the state level. The units are like traditional apartment units and typically have full kitchens.

Assisted living residences are designed for seniors who need more assistance with activities of daily living, but do not require continuous skilled nursing care. Assisted living units may be part of a congregate senior housing residence or a continuing care retirement community. They may be contained in a property that supports assisted living units and nursing beds or may be in a dedicated assisted living residence. The units are similar to traditional apartment units, although they may not have full kitchens, kitchenettes with a sink, refrigerator, and microwave.

Memory Care is a subset of Assisted Living and is designed for those with Dementia or Alzheimer's. The units will be secure and have limited or no cooking facilities.

Assisted living is still more residential than health care and remains a 100% private pay business. They are licensed as boarding homes in Washington and subject to more stringent state regulations than congregate seniors housing. Assisted Living and Boarding Home Reform was passed in March of 2000 to improve equitable regulations of assisted living. The rules aim to create more options and assure safety; they address medication, staff training, meal control, and residents' rights.

Continuing care retirement communities are senior living complexes that provide a continuum of care including housing, healthcare, and various supportive services including memory care. Health care (e.g., nursing) services may be provided directly or through access to affiliated healthcare facilities. Fees are structured as a refundable (or partially refundable) entrance fee plus a monthly fee; as equity ownership (cooperative or condominium) plus a monthly fee; or as a rental program. CCRCs are not regulated by the federal government but are subject to state licensing and regulation in most states.

The most prevalent type of facility is one that provides both independent living and assisted living. CCRCs are places where seniors can go while they are still independent and live among their peers, form new friendships and still go out and about in the community outside the campus.

The growing trend in the senior housing industry is to combine a variety of housing and services in one campus. The goal is to have residents age in one place, without the need to move off campus as their needs change. These facilities will have senior apartments with age restrictions but few services, combined with on-site meal plans for independent living, then adding varying assisted living services, and providing a section for memory care and a skilled nursing facility. Emerald Heights<sup>1</sup> in Redmond, and Timber Ridge at Talus<sup>2</sup> in Issaquah are examples of this concept.

### **Nursing Homes (174)**

As our population ages, individuals needing continuing skilled nursing care leave the family setting for nursing homes. Individuals recovering from major illness or surgery may also need nursing homes on a temporary basis. Nursing facilities provide various levels of health care service on a 24-hour basis in addition to shelter, dietary, housekeeping, laundry, and social needs. Nursing facilities include intermediate, skilled, and sub-acute care. In some cases, nursing homes may be part of a CCRC. Nursing homes are often referred to as convalescent hospitals or rehabilitation facilities.

Newer nursing homes have larger bed areas, usually two-bed rooms (semi-private) or one-bed room (private).

The nursing home industry in Washington is comprised of both for-profit and nonprofit homes. The King County assessment rolls show approximately 30% of the Nursing Home parcels as exempt or partially exempt.

In Washington State, the Certificate-Of-Need Program (CON) regulates nursing homes. The CON Program is a regulatory process that requires certain healthcare providers to get state approval before building certain types of facilities, such as nursing homes, or offering new or expanded services. For example, a certificate of need is required if a nursing home wants to add to the number of its licensed beds. Washington has estimated bed needs to be 40 beds per 1,000 persons of age 70 and older. King County is projected to have 32 beds per 1,000 persons aged 70 and older.<sup>3</sup> Therefore, the bed needs for King County (as of 2019) were not met under the current guidelines.

---

<sup>1</sup> <http://www.emeraldheights.com/>

<sup>2</sup> <http://www.timberidgecs.com/>

<sup>3</sup> 2017 - 2019 Nursing Home Bed Forecast – 70+ <http://www.doh.wa.gov/Portals/1/Documents/2300/2015/2016-2018NHBedForecasts.pdf>



Currently, there are no new stand-alone nursing homes under construction in King County. The stand-alone nursing home model of care has been in decline for years. Factors such as the high cost of skilled nursing and cuts to Medicare and Medicaid will likely accelerate this trend. Other deterrents for growth include information that nursing homes are rarely built on a speculative basis and building codes for these facilities are very stringent. Most stand-alone nursing homes in King County were constructed in the 1960s.

## Senior Housing Market Overview

The pandemic disrupted what has historically been a stable sector, although healthcare has performed better than retail and hospitality.<sup>4</sup> Senior Housing recovery is predicated to be closely tied to vaccine distribution. The need for advancing technological capabilities and greater oversight for senior providers will both likely be factors impacting this market in the foreseeable future. Strong federal support has helped to bolster operations and sustain investor confidence. The 65 and older population will increase by 16.2 million over the next 10 years which will contribute to demand.<sup>5</sup> The King County market benefits from favorable economic and migration trends.<sup>5</sup> Minimal threats from new construction will keep supply and demand better aligned. Occupancy declined and year over year and rent growth was positive in all in all senior housing categories.<sup>6</sup> Several new projects are currently under construction primarily in north Seattle and the Eastside.

## Nursing Homes Market Overview

According to the NIC MAP Data Service, inventory among the nation's nursing care communities continues to decline. National inventory beds decreased by 2,060 over the past four quarters ending in March.<sup>7</sup> Beginning in 2020, nursing home occupancy was at 86.3 percent nationally and fell to 75.2 percent by year-end. Restrictions on elective surgeries, coupled with increased move-outs as residents became ill, contributed to the decline. Strong government support during the pandemic with likelihood to remain supportive through the recovery may have a positive impact on this market.<sup>8</sup> Demand will increase as baby boomers advance past the age of 75 which will help demand (in the longer term) potentially overtake supply.<sup>9</sup> In King County the year over year rent growth was 2.4% with the average rent per bed at \$403 and no new construction is anticipated. Occupancy rate declined from 83.2 percent in Q42019 to 73.5 percent in Q42020<sup>10</sup>.

<sup>4</sup> IRR Healthcare & Senior Housing Pgs. 2-3

<sup>5</sup> Marcus and Millichap 2021 U.S. Seniors Housing Report, Pg. 5, 6

<sup>6</sup> NIC MAP Metro Report 4<sup>th</sup> Quarter 2020, Seattle, WA, Pg. 3, 11, 12

<sup>7</sup> Marcus and Millichap Skilled Nursing Outlook Midyear2021 Report, Pg. 1

<sup>8</sup> Marcus and Millichap 2021 U.S. Seniors Housing Report, Pg. 15

<sup>9</sup> Marcus and Millichap Skilled Nursing Outlook Midyear 2021 Report, Pg. 1

<sup>10</sup> NIC Map Metro-Report -4Q19 & 4Q20, pg.11

## Analysis Process

**Effective Date of Appraisal:** January 1, 2021

**Date of Appraisal Report:** August 18, 2021

The following appraiser prepared the valuation analysis for commercial specialty areas: Specialty Area 153, Retirement Homes and Specialty Area 174, Nursing Homes.

- Diane Owings – Commercial Appraiser II

### Highest & Best Use Analysis

**As if Vacant:** Market analysis, together with current zoning, indicate the highest and best use of the majority of the population as commercial. Any opinion not consistent with this is specifically noted in our records and considered in the valuation of the specific parcel.

**As if improved:** Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. The current improvements do add value to the property in most cases and are therefore the highest and best use of the property as improved. In those properties where the property is not at its highest and best use, a nominal value of \$1,000 is assigned to the improvements and the property may be removed from senior housing specialty and returned to the geo-appraiser.

**Interim Use:** In many instances, a property's highest and best use may change in the foreseeable future. For example: a tract of land at the edge of a city might not be ready for immediate development, but growth trends may suggest it should be developed in a few years. Similarly, there may be insufficient demand for office space to justify the construction of a new building at the present time, but increased demand may be expected in the future. In such situations, the immediate development of the site or conversion of the improved property to its future highest and best use is usually not financially feasible. Therefore, it is classified as interim use.

**Standards and Measurement of Data Accuracy:** Each sale was verified with the buyer, seller, real estate agent or tenant when possible. Current data was verified and corrected when necessary by field inspection, review of plans, marketing information, and rent rolls when available.

### Special Assumptions and Limiting Conditions

All three approaches to value were considered in this appraisal. The following departmental guidelines were considered and adhered to:

- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standards 5 and 6.

- A meaningful time trend analysis was not conducted due to a lack of data. Therefore time adjustments were not made to the sales population.

## Area Description

Nursing homes and retirement facilities are dispersed throughout the county. For purposes of the revaluation of the retirement home specialty, the population has been segmented into eight regions (supergroups). These regions are generally described by their geographic location. The following is a brief description of each specialty and notable market activity, if any, occurring in each area.

### Central Seattle Super Group



The Central Seattle region represents 10.4% of the Specialty Area 153 population. Retirement homes located closer to downtown Seattle tend to be mid-rise to high-rise. Retirement homes located within more residential neighborhoods are low-rise to mid-rise buildings. The largest concentrations of retirement homes are located within the First Hill neighborhood in the City of Seattle. First Hill has a high concentration of health-related services, which makes it an ideal location for retirement homes.

A brief summary of current projects in the Central Seattle region is provided below:



- **Skyline Olympic Tower** – The project is a luxury 21 story, 77 unit, 189,371SF independent living and assisted living facility which includes memory care. Onsite resident amenities include multiple dining areas, a fitness center, sunrooms with Puget Sound views, roof top deck, outdoor terraces, and an indoor pool. Construction was completed in 2021.

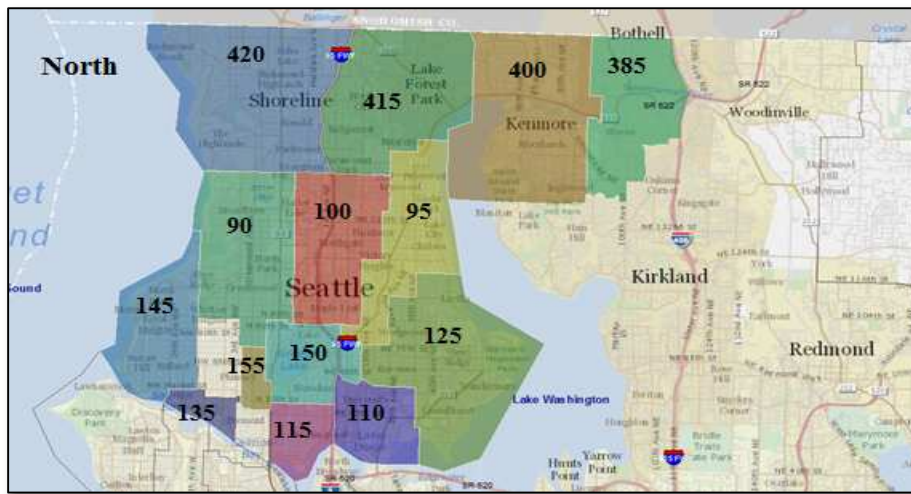
### West Seattle Super Group



The West Seattle region represents 3.3% of the Specialty Area 153 population. The improvements tend to be mid-rise buildings. The West Seattle region is characterized by its walkable commercial districts and popular parks including Alki Beach. West Seattle is an ideal location for residents looking for urban conveniences and a family-oriented neighborhood. There are currently no projects under construction in the West Seattle region.



## North Seattle and North King County Super Groups



The North region represents 27.6% of the Specialty Area 153 population, which is equal to the South King County region. The improvements tend to be low-rise to mid-rise. The largest concentrations of retirement homes are located in the north end in the City of Seattle. There are two new projects under construction in the North region of King County is provided below:

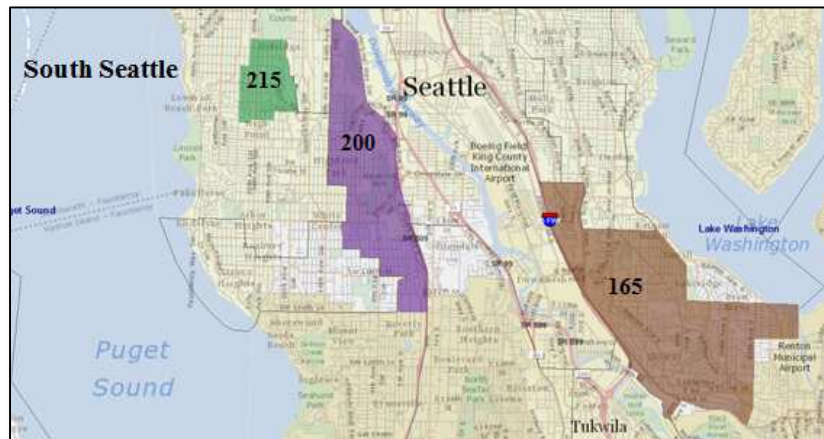


- Aegis Living Laurelhurst - This project is located on the 5 corners intersection near University of Washington, Laurelhurst, Ravenna, Bryant, and University Village and will open in the fall of 2023. The six-story building will have 136 assisted living and memory care units with 63 underground parking spaces. This quality project will have about 148,000SF and include amenities such as a pub/sports lounge, cinema, bistro, rotunda, and private dining room.



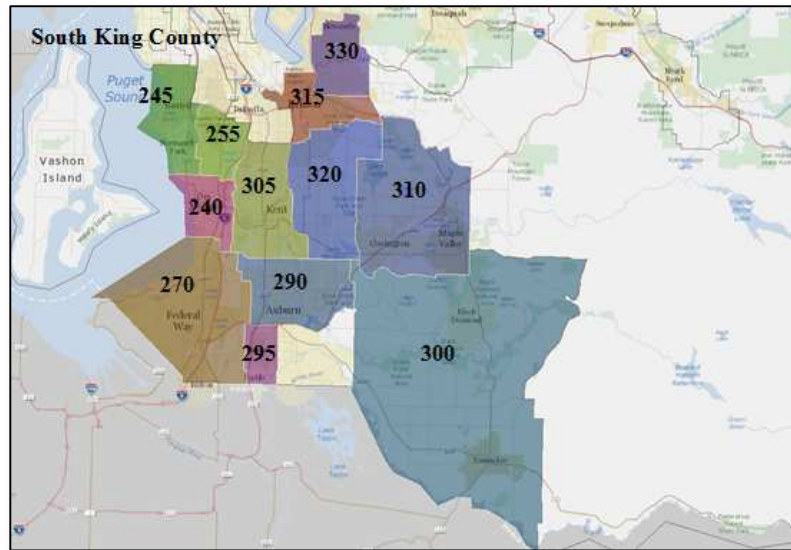
- Empress Senior Living a good quality, 3-story, 77-unit senior complex including independent living, assisted living, and memory care units. This project is also located in the Laurelhurst neighborhood with amenities that include restaurant style dining, roof top deck, artist studio, garden terrace and coffee bistro.

### South Seattle Super Group



The South Seattle region represents 4.5% of the Specialty Area 153 population. The improvements tend to be low-rise to mid-rise. There are currently no new projects under construction in the South Seattle area of King County.

## South King County Super Group



The South King County region represents 14.3% of the Specialty Area 153 population. South King County is characterized by urban and large rural areas. The improvements are comprised of low-rise to mid-rise buildings and concentrated mainly in dense urban centers. Health care amenities are primarily located within the dense urban centers.

A brief summary of projects in the South region of King County is provided below:



- **Weatherly Inn Renton** – Construction of a new independent living, assisted living and memory care community began in 2020. The complex will be 148,393/SF with 125 units. Amenities will include a library, fireside room, courtyard, rooftop deck, gym, salon, resident dining and communal lounges.



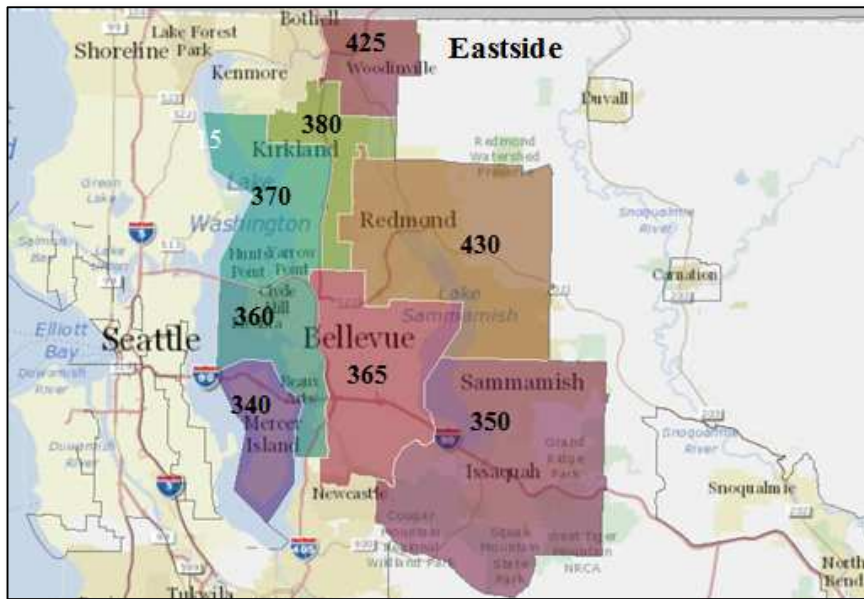


- **Mirror Lake Village** – The multi-building project includes assisted living, memory care and independent living cottages. Onsite resident amenities include multiple dining options, theater, activity room, library, fitness center, and therapy room. Mirror Lake Village was completed in 2020.



- **Wesley Homes** - Wesley Homes is currently redeveloping the property. All existing improvements will be demolished. The multi-phased project includes new cottages, brownstone apartments, a new five-story independent living apartment building, assisted living and memory care, and a 60-bed care center. The entire redevelopment is expected to be complete by 2024.

**Eastside Super Group**



The Eastside region represents 26.9% of the Specialty Area 153 population. The improvements tend to be low-rise to mid-rise with the inclusion of one high-rise tower located in downtown Bellevue. The Eastside region is characterized by urban and suburban areas with many available commercial amenities. Health care amenities are primarily located within the dense urban centers.



A brief summary of projects in the Eastside region of King County is provided below:



- Silverado Bellevue Memory Care – 2-story complex with 27,836/SF and 30 units specializing in memory care. Amenities include an outdoor courtyard and communal dining and lounges.



- Holden of Bellevue – Assisted living and memory care complex is scheduled for completion in winter of 2021. This quality, 7-story project will offer amenities that include a salon, elegant common areas, bistro, resident lounge, and a fitness center.

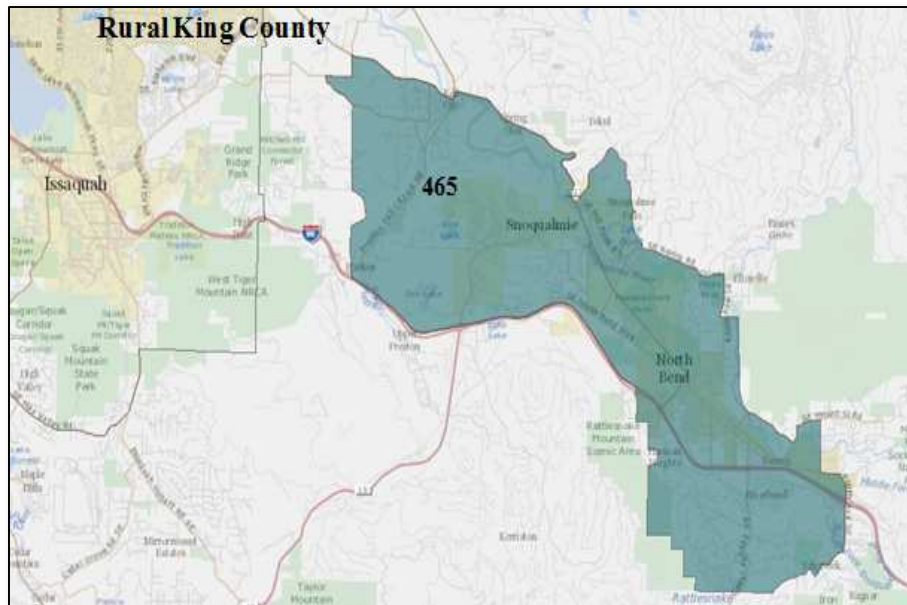


- Aegis Bellevue Overlake – is a newly constructed good quality, 6-story assisted living and memory care facility with 146,460/SF in Old Bellevue. Amenities include an indoor pool, salon, fitness center, sports lounge, bistro, and cinema.



- Aegis Living Kirkland Waterfront – 3-Story recently completed good quality complex with 106 assisted living and memory care units located across the street from Lake Washington waterfront. Amenities include theater, courtyard, bistro, communal dining, and lounges.

## Rural King County Super Group



The Rural King County region represents 0.7% of the Specialty Area 153 population. South King County is characterized large rural areas and is located east of the more densely populated urban centers. Major health care amenities are primarily located within the dense urban centers. There is currently no new construction of retirement homes in the Rural King County region.

The remaining parcel population is in Specialty 174.

## Scope of Data

**Physical Inspection Identification:** For the 2021 assessment year, as required by WAC 458-07-0154 (A), one sixth of the population was physically inspected. An exterior observation of the properties was made to verify the accuracy and completeness of property characteristic data. The inspected properties are listed in the Addenda. Other properties were also inspected as noted in the Assessor's records for purposes of sales or data verification.

**Land Value:** The respective geographic appraiser valued the land. A list of vacant sales used and those considered not representative of market are included in the geographic appraiser's Area Reports.

**Improved Value:** Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales considered were verified, if possible, by contacting the participants, researching data online including CoStar, and inquiring in the field.



Characteristic data is verified for all sales if possible. Sales are listed in the “Sales Used” and “Sales Not Used” sections of this report. Additional information resides on the Assessor’s website.

## Issues in Valuation

The challenge of valuing retirement and nursing facilities for ad valorem tax assessments is to separate the real estate value from the business value. These facilities sell as a total business operation in most instances without separating the intangible business and personal property value. Because of this practice, only sales that have been verified as reflecting real estate value only, and those in which the business value can be determined with some confidence, are considered. For the 2021 revalue, there are no transactions of senior properties verified as good sales mainly due to portfolio and related party (RIDEA) structure. There is one nursing home sale verified as good. For the 2021 revaluation, retirement facilities and nursing homes are valued using the cost approach utilizing the Assessor’s built-in Marshall and Swift Cost Estimator program. The Cost Approach was selected as the best method due to the following:

- Lack of rent data for land/building only for retirement properties
- Income of retirement properties includes intangibles.
- Preponderance of portfolio and related party (RIDEA) sale transactions for senior housing communities.
- Lack of data regarding lease rates and sales for nursing homes.

## Sales Comparison Approach

It is difficult to make direct sale comparisons as nursing homes and retirement facilities are designed to fit a particular location, market niche, level of care, and method of operation. These unique traits make substitution difficult. Sales often require major adjustments that are based on subjective analysis due to lack of comparable empirical data. Often these properties sell with long-term management contracts in place and between related parties (operating and managing companies sharing ownership). Retirement and nursing homes are often purchased as part of a multi-property portfolio sale. Portfolio sales may include properties located throughout the region or nationwide, making the true sales price difficult to determine. Sales that fail to isolate the value attributable to the real property or distinguish the income attributable to the business from that attributable to the real estate are not relied upon.

A brief summary of the market transactions is provided below:


### Specialty Area 153: Retirement Homes

No sales were verified as good.



## Specialty Area 174: Nursing Homes

One sale was verified as good:

| Property Name   | Characteristics                        | Comments   |
|---|--|--|
|  | <b>Parcel Number</b><br>192105-9110    | Property located in Auburn. Listing agent involved but no buying agent. Per CoStar purchased as an investment property - was the downleg of 1031 exchange. |
|   | <b>Excise Tax Number</b><br>3097231    |  |
|   | <b>Sale Date</b><br>2/1/2021           |  |
|   | <b>Sale Price</b><br>5,950,000         |  |
|   | <b>Sale Price per Unit</b><br>\$61,979 |  |
|   |  |  |
|   |  |  |
|   |  |  |

## Cost Approach

The cost approach was the primary valuation methodology utilized for Specialty 153 and 174 properties. The Marshall & Swift Valuation modeling system, which is built into the Real Property Application, is calibrated to the region and the Seattle area. Depreciation was based on studies done by Marshall & Swift Valuation Service. The Marshall & Swift cost calculations are automatically calibrated to the data in the Real Property Application.

New construction was generally valued according to its particular percent complete as of July 31<sup>st</sup> using the cost approach from the computerized valuation model supplied by Marshall & Swift and adapted by the Department of Assessments. Traditionally, for Senior Housing Facilities and Skilled Nursing Facilities, the cost approach has been considered the best method for extracting the value of the building from the total business entity's value.

Effective year, rather than year built, is used to calculate physical depreciation in the cost approach. The effective year reflects upgrades and remodeling after original construction and considers the remaining economic life of the improvements. The extended-life theory method was utilized in calculating depreciation. For this technique, the typical life of the building as determined from Marshall & Swift Occupancy and Class Codes and the estimated effective age are used to identify the rate of depreciation from the Marshall & Swift Commercial Depreciation Table.

## External Obsolescence

An external obsolescence adjustment was made to reflect the impact of COVID-19 on the retirement and nursing home values as of January 1, 2021. The external obsolescence adjustment was made in the form of a lease-up discount present value lump sum adjustment. The cash flow loss associated with the difference in current (2020) occupancy and the assumed "stabilized" occupancy (pre-pandemic 2019) over the estimated absorption period was discounted into a present value lump sum deduction.

This adjustment was estimated based upon the difference in occupancy levels as reported in the NIC MAP Metro Report 4<sup>th</sup> Quarter 2019 (pre-pandemic) and NIC MAP Metro Report 4<sup>th</sup> Quarter 2020 for assisted living facilities and nursing homes in King County. The NIC MAP Metro Report 4<sup>th</sup> Quarter 2020 report also provided the King County Sub-Market Assisted Living Average Daily Unit Rate of \$193.10 (\$5,793/mo./365) which was used to calculate all Specialty 153 lump sum deductions as well as the King County Sub-Market average Nursing Home Bed rent rate of \$108 (\$403 less \$295 allocated to typical services associated in bed rate per 35<sup>th</sup> SNF Cost Comparison and Industry Trends Report (2020) by Clifton Larson Allen LLP) for all Specialty 174 properties. Absorption periods of 24 months for both specialties were based upon CBRE U.S. Seniors Housing & Care Investor Survey H2 2020. Discount rates of 10.6% and 14.9% were based upon information provided in the 26<sup>th</sup> Annual Senior Housing Investment Survey 2020.

The template format below was borrowed from another large assessment jurisdiction in the United States. The template calculates a lease-up discount using the specific facility room/bed count, the assumed stabilized occupancy rate (2020), the COVID-19 impacted occupancy rate (2021) and discounts the difference in cash flow due to increased vacancy (income loss) over the assumed absorption time into a present value loss estimate which is then deducted from the depreciated improvement cost estimate. This deduction is intended to reflect the external obsolescence due to COVID-19 market impacts.

**Lease-up Discount Assumptions-Specialty 153-Senior Housing Facilities:**

| <u>Mkt Mo Rate</u> | <u>Mkt Daily Rate</u> | <u>Present Occupancy</u> | <u>Stabilized Occupancy</u> | <u>Absorption Period</u> | <u>Discount Rate</u> |
|--------------------|-----------------------|--------------------------|-----------------------------|--------------------------|----------------------|
| <u>\$5,793</u>     | <u>\$193.10</u>       | <u>84.00%</u>            | <u>89.20%</u>               | <u>24 mo</u>             | <u>10.60%</u>        |

**Senior Housing Lease-Up Discount (External Obsolescence) example:**

| <b>Senior Housing Types DISCOUNT FOR LEASE-UP</b> |                  |                     |  |
|---|------------------|---------------------|--|
| Number of Rooms                                   | 226              |                     |  |
| Total Available Room-Nights                       | 82,490           | Room-Nights         |  |
| Current Occupied Room-Nights                      | 69,292           | Room-Nights         |  |
| Present Occupancy %                               | 84.0%            |                     |  |
| Stabilized Occupancy (Projected)                  | 73,581           | Room-Nights         |  |
| Stabilized Occupancy %                            | 89.2%            |                     |  |
| Rooms to be Absorbed                              | 4,289            | Room-Nights         |  |
| Absorption Period for Rooms (Max 60 months)       | 24               | Months              |  |
| Rooms Absorption per Year                         | 2,145            | Room-Nights         |  |
| Rooms Absorption per Month                        | 179              | Rooms-Nights        |  |
|   | 0%               |                     |  |
|   | \$0.00           | / Room-Night        |  |
|   | \$193.10         | / Room              |  |
|   | \$0.00           | / Room-Night        |  |
| Discount Rate                                     | 10.60%           |                     |  |
| PV OF LEASEUP COSTS =                             | <b>\$800,510</b> | PV of leaseup costs |  |

**Lease-up Discount Assumptions-Specialty 74-Nursing Homes:**

| <u>Mkt Daily Rate<br/>(includes services<br/>of \$295)</u> | <u>Room Only<br/>Rent Rate</u> | <u>Present<br/>Occupancy</u> | <u>Stabilized<br/>Occupancy</u> | <u>Absorption<br/>Period</u> |
|--|--------------------------------|------------------------------|---------------------------------|------------------------------|
| <u>\$403.00</u>  | <u>\$108</u>                   | <u>73.50%</u>                | <u>83.20%</u>                   | <u>24 mo</u>                 |

**Nursing Home Lease-Up Discount (External Obsolescence) example:**

| Senior Housing Types DISCOUNT FOR LEASE-UP  |           |              |
|---|-----------|--------------|
| Number of Rooms                             | 64        |              |
| Total Available Room-Nights                 | 23,360    | Room-Nights  |
| Current Occupied Room-Nights                | 17,170    | Room-Nights  |
| Present Occupancy %                         | 73.5%     |              |
| Stabilized Occupancy (Projected)            | 19,436    | Room-Nights  |
| Stabilized Occupancy %                      | 83.2%     |              |
| Rooms to be Absorbed                        | 2,266     | Room-Nights  |
| Absorption Period for Rooms (Max 60 months) | 24        | Months       |
| Rooms Absorption per Year                   | 1,133     | Room-Nights  |
| Rooms Absorption per Month                  | 94        | Rooms-Nights |
|   | 0%        |              |
|   | \$0.00    | / Room-Night |
|   | \$108.00  | / Room       |
|   | \$0.00    | / Room-Night |
| Discount Rate                               | 14.90%    |              |
| PV OF LEASEUP COSTS =                       | \$229,633 |              |

**Income Approach**

The income approach is a common appraisal methodology that capitalizes real estate income into an estimate of property value. The income approach becomes complicated when used to estimate the value of retirement and nursing homes since actual revenue and expense statements of these property types, usually represent a going concern operation rather than an income statement based on real property only (land and building).

The Income Approach was therefore, not relied upon for Specialties 153 or 174 properties.

## Reconciliation

In arriving at a final value, each parcel was individually reviewed. Retirement facilities and nursing homes were ultimately valued using the cost approach. The Cost Approach was considered to be the most reliable indicator of value for both the retirement facility and nursing home specialties. An external obsolescence adjustment to the building value in the form of a lease-up discount was applied to recognize the impact of COVID-19 to the value of these property types. The Sales Comparison and Income Approaches to valuation were not considered to be reliable indicators of value due to the lack of reliable data available to isolate intangible personal property value.

## Model Validation

### Total Value Conclusions, Recommendations, and Validation

Appraiser judgment prevails in all decisions regarding individual parcel valuation. The assessed value is selected based on general and specific data pertaining to the parcel, neighborhood, and market. The appraiser determines which available value estimate is appropriate and may adjust for particular characteristics and conditions as they occur. Uniformity and equity are both improved over the previous year and in consideration of current market conditions, it is recommended that these values be posted for the 2021 assessment year.

Application of these recommended values for the 2021 assessment year results in a total change from the 2020 assessments of -2.44% in specialty area 153 and +28.99% in specialty area 174. The recommended values do not include the limited new construction values which is added later (the new construction valuation date is July 31<sup>st</sup>, 2021).

| CHANGE IN TOTAL ASSESSED VALUE |                  |                 |          |
|--------------------------------|------------------|-----------------|----------|
| 2020 Total Value               | 2021 Total Value | \$ Change       | % Change |
| \$ 3,371,993,450               | \$ 3,289,587,500 | \$ (82,405,950) | -2.44%   |
| \$ 362,665,600                 | \$ 467,808,700   | \$ 105,143,100  | 28.99%   |



# Uniform Standards of Professional Appraisal Practice

## Compliance

### Client and Intended Use of the Appraisal:

This mass appraisal report is intended for use by the public, King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others for other purposes is not intended by the appraiser. The use of this appraisal, analyses and conclusions is limited to the administration of ad valorem property taxes in accordance with Washington State law. 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 mass appraisal report as stated in USPAP Standards 5 and 6. To fully understand this report the reader may need to refer to the Assessor's Property Record Files, Assessors Real Property Data Base, separate studies, Assessor's Procedures, Assessor's field maps, Revalue Plan and the statutes.

The purpose of this report is to explain and document the methods, data and analysis used in the revaluation of King County. King County is on a six year physical inspection cycle with annual statistical updates. The revaluation plan is approved by Washington State Department of Revenue. The Revaluation Plan is subject to their periodic review.

### Definition and date of value estimate:

#### 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)

Retrospective market values are reported herein because the date of the report is subsequent to the effective date of valuation. The analysis reflects market conditions that existed on the effective date of appraisal.

#### 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)

**Date of Value Estimate**

**RCW 84.36.005**

*All property now existing, or that is hereafter created or brought into this state, shall be subject to assessment and taxation for state, county, and other taxing district purposes, upon equalized valuations thereof, fixed with reference thereto on the first day of January at twelve o'clock meridian in each year, excepting such as is exempted from taxation by law.*

**RCW 36.21.080**

*The county assessor is authorized to place any property that is increased in value due to construction or alteration for which a building permit was issued, or should have been issued, under chapter 19.27, 19.27A, or 19.28 RCW or other laws providing for building permits on the assessment rolls for the purposes of tax levy up to August 31st of each year. The assessed valuation of the property shall be considered as of July 31st of that year.*

Reference should be made to the property computer file as to when each property was valued. Sales consummating before and after the appraisal date may be used and are analyzed as to their indication of value at the date of valuation. If market conditions have changed then the appraisal will state a logical cutoff date after which no market date is used as an indicator of value.

### Property Rights 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...*

#### **The Dictionary of Real Estate Appraisal, 3rd Addition, Appraisal Institute.**

*Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.*

### Assumptions and Limiting Conditions:

1. 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.
2. 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.
3. 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.
4. Rental areas herein discussed have been calculated in accord with generally accepted industry standards.
5. 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.
6. The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.

7. The appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in this analysis to any potential diminution in value should such hazardous materials be found (unless specifically noted). We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.
8. 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.
9. 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.
10. The appraisal is the valuation of the fee simple interest. Unless shown on the Assessor's parcel maps, easements adversely affecting property value were not considered.
11. An attempt to segregate personal property from the real estate in this appraisal has been made.
12. Items which are considered to be "typical finish" and generally included in a real property transfer but are legally considered leasehold improvements are included in the valuation unless otherwise noted.
13. 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.
14. 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.
15. Exterior inspections were made of all properties in the physical inspection areas (outlined in the body of the report) however; due to lack of access and time few received interior inspections.

### **Scope of Work Performed:**

Research and analyses performed are identified in the body of the revaluation report. The assessor has no access to title reports and other documents. Because of legal limitations we did not research such items as easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations and special assessments. Disclosure of interior home features and, actual income and expenses by property owners is not a requirement by law therefore attempts to obtain and analyze this information are not always successful. The mass appraisal performed must be completed in the time limits indicated in the Revaluation Plan and as budgeted. The scope of work performed, and disclosure of research and analyses not performed are identified throughout the body of the report.



## Certification:

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

- The statements of fact contained in this report are true and correct
- The report analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are 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 report 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 report 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 report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.
- No one provided significant real property appraisal assistance to the person signing this certification. Any services regarding the subject area performed by the appraiser within the prior three years, as an appraiser or in any other capacity is listed adjacent to their name.
- To the best of my knowledge the following services were performed by me within the subject area in the last year:
  - Diane Owings
  - Annual Model Development and Report Preparation
  - Data Collection
  - Sales Verification
  - Appeals Response Preparation / Review
  - Appeal Hearing Attendance
  - Physical Inspection Model Development and Report Preparation
  - Land and Total Valuation
  - New Construction Evaluation

---

Diane Owings, Commercial Appraiser II

8/26/2021

| Area | Nbhd | Major  | Minor | Total NRA | E #     | Sale Price    | Sale Date | SP / NRA   | Property Name                      | Zone    | Present Use                  | Par. Ct. | Ver. Code | Remarks                            |
|------|------|--------|-------|-----------|---------|---------------|-----------|------------|------------------------------------|---------|------------------------------|----------|-----------|------------------------------------|
| 153  | 110  | 717480 | 0169  | 257,248   | 3071255 | \$57,147,200  | 09/17/20  | \$222.15   | MERRILL GARDENS - UNIVERSITY       | LR3 (M) | Retirement Facility          | 1        | 59        | Bulk portfolio sale                |
| 153  | 240  | 172204 | 9023  | 153,283   | 3006933 | \$11,500,000  | 08/23/19  | \$75.02    | LANDMARK ON THE SOUND              | RM-900B | Historic Prop(Rec/Entertain) | 1        | N         |                                    |
| 153  | 270  | 092104 | 9127  | 77,210    | 2966287 | \$16,538,746  | 12/05/18  | \$214.20   | Madrona Park Senior Living         | CC-F    | Retirement Facility          | 1        | N         |                                    |
| 153  | 290  | 781570 | 0290  | 137,095   | 2971725 | \$38,126,888  | 01/29/19  | \$278.11   | MERRILL GARDENS - AUBURN           | DUC     | Apartment                    | 1        | 11        | Corporate affiliates               |
| 153  | 300  | 192007 | 9137  | 27,990    | 3051171 | \$1,402,500   | 06/11/20  | \$50.11    | CASCADE PLACE                      | R-4     | Retirement Facility          | 1        | 59        | Bulk portfolio sale                |
| 153  | 315  | 723150 | 2030  | 254,695   | 3071079 | \$45,168,463  | 09/17/20  | \$177.34   | MERRILL GARDENS - RENTON CEN       | CD      | Retirement Facility          | 3        | 59        | Bulk portfolio sale                |
| 153  | 320  | 202205 | 9062  | 123,533   | 2912381 | \$40,691,139  | 01/17/18  | \$329.39   | ARBOR VILLAGE                      | SR-6    | Retirement Facility          | 3        | 59        | Bulk portfolio sale                |
| 153  | 340  | 531510 | 0905  | 41,832    | 3095589 | \$6,873,603   | 01/15/21  | \$164.31   | SUNRISE OF MERCER ISLAND           | MF-2    | Retirement Facility          | 1        | 59        | Bulk portfolio sale                |
| 153  | 350  | 222406 | 9002  | 43,822    | 2940269 | \$26,400,000  | 06/27/18  | \$602.44   | FIELDSTONE MEMORY CARE             | MF-M    | Retirement Facility          | 2        | 11        | Corporate affiliates               |
| 153  | 350  | 856273 | 0160  | 757,607   | 3032494 | \$133,000,000 | 01/31/20  | \$175.55   | TIMBER RIDGE AT TALUS              | UV-EV   | Retirement Facility          | 1        | 11        | Corporate affiliates               |
| 153  | 360  | 066600 | 0126  | 86,282    | 2966322 | \$17,000,000  | 12/12/18  | \$197.03   | AEGIS - BELLEVUE - Assisted Living | R-30    | Retirement Facility          | 1        | 59        | Bulk portfolio sale                |
| 153  | 360  | 154460 | 0102  | 278,706   | 2940899 | \$96,602,000  | 07/06/18  | \$346.61   | BELLETTINI, THE (Dist A & B)       | DNTN-MU | Retirement Facility          | 1        | 59        | Bulk portfolio sale                |
| 153  | 360  | 660075 | 0860  | 1,015     | 3031569 | \$257,400     | 12/31/19  | \$253.60   | The Fountains CONDOMINIUM (Core    | DNTN-R  | Condominium(Residential)     | 1        | 15        | No market exposure                 |
| 153  | 360  | 660075 | 0860  | 1,015     | 3031666 | \$257,400     | 12/26/19  | \$253.60   | The Fountains CONDOMINIUM (Core    | DNTN-R  | Condominium(Residential)     | 1        | 15        | No market exposure                 |
| 153  | 365  | 262505 | 9011  | 59,179    | 3028611 | \$7,879,205   | 12/19/19  | \$133.14   | BROOKDALE AT BELLEVUE              | O       | Retirement Facility          | 1        | 51        | Related party, friend, or neighbor |
| 153  | 365  | 262505 | 9224  | 68,520    | 2958394 | \$24,420,000  | 10/15/18  | \$356.39   | SAGEBROOK SENIOR LIVING @ BE       | R-30    | Retirement Facility          | 1        | 11        | Corporate affiliates               |
| 153  | 370  | 124400 | 0005  | 171,759   | 3071252 | \$29,197,000  | 09/17/20  | \$169.99   | MERRILL GARDENS - KIRKLAND         | CBD 1B  | Retirement Facility          | 1        | 59        | Bulk portfolio sale                |
| 153  | 380  | 282605 | 9107  | 35,627    | 3090412 | \$31,099,837  | 12/18/20  | \$872.93   | AEGIS - KIRKLAND                   | TL 1B   | Retirement Facility          | 1        | 59        | Bulk portfolio sale                |
| 153  | 380  | 292605 | 9210  | 61,798    | 2966261 | \$9,800,000   | 12/12/18  | \$158.58   | AEGIS LODGE AT TOTEM LAKE          | PR 3.6  | Retirement Facility          | 1        | 59        | Bulk portfolio sale                |
| 153  | 400  | 011410 | 0545  | 61,245    | 3100013 | \$4,500,000   | 02/18/21  | \$73.48    | BROOKDALE SPRING ESTATES           | DR      | Retirement Facility          | 1        | 73        | Covid impact                       |
| 153  | 420  | 288170 | 0313  | 38,136    | 3090067 | \$45,637,553  | 12/18/20  | \$1,196.71 | Aegis Living CALLAHAN HOUSE- Me    | MUR-70  | Retirement Facility          | 1        | 59        | Bulk portfolio sale                |
| 153  | 420  | 288170 | 0330  | 97,470    | 3090172 | \$55,755,412  | 12/18/20  | \$572.03   | AEGIS - SHORELINE South Building   | MUR-70  | Retirement Facility          | 1        | 59        | Bulk portfolio sale                |
| 153  | 430  | 067310 | 0011  | 110,000   | 3026432 | \$32,500,000  | 12/19/19  | \$295.45   | OVERLAKE TERRACE ASSISTED L        | OV1     | Retirement Facility          | 1        | 59        | Bulk portfolio sale                |
| 153  | 430  | 555630 | 0005  | 21,330    | 2989654 | \$3,400       | 05/23/19  | \$0.16     | Aegis Living at Marymoor           | R4      | Retirement Facility          | 1        | 24        | Easement or right-of-way           |

Improvement Sales for Area 174 with Sales Used

08/18/2021

| Area | Nbhd | Major  | Minor | Total NRA | E #     | Sale Price  | Sale Date | SP / NRA | Property Name              | Zone | Present Use  | Par. Ct. | Ver. Code | Remarks |
|------|------|--------|-------|-----------|---------|-------------|-----------|----------|----------------------------|------|--------------|----------|-----------|---------|
| 174  | 010  | 192105 | 9110  | 27,964    | 3097231 | \$5,950,000 | 02/01/21  | \$212.77 | REGENCY AUBURN REHAB CENTE | I    | Nursing Home | 1        | Y         |         |

Improvement Sales for Area 174 with Sales not Used

08/18/2021

| Area | Nbhd | Major  | Minor | Total NRA | E #     | Sale Price   | Sale Date | SP / NRA | Property Name                | Zone    | Present Use  | Par. Ct. | Ver. Code | Remarks                 |
|------|------|--------|-------|-----------|---------|--------------|-----------|----------|------------------------------|---------|--------------|----------|-----------|-------------------------|
| 174  | 010  | 042404 | 9024  | 66,402    | 3040676 | \$13,000,000 | 03/26/20  | \$195.78 | PARAMOUNT REHABILITATION and | LR2 (M) | Nursing Home | 5        | 68        | Non-gov't to gov't      |
| 174  | 010  | 162404 | 9040  | 78,374    | 3041474 | \$6,412,500  | 04/01/20  | \$81.82  | Washington Care Services     | LR3 (M) | Nursing Home | 1        | 18        | Quit claim deed         |
| 174  | 010  | 182305 | 9018  | 34,285    | 3107025 | \$6,188,800  | 03/19/21  | \$180.51 | REGENCY AT RENTON REHAB CEN  | R-10    | Nursing Home | 1        | 59        | Bulk portfolio sale     |
| 174  | 010  | 312305 | 9010  | 40,767    | 3107551 | \$3,394,296  | 03/19/21  | \$83.26  | TALBOT CENTER                | CO      | Nursing Home | 1        | 59        | Bulk portfolio sale     |
| 174  | 010  | 329370 | 0010  | 36,538    | 3129401 | \$8,100,000  | 06/30/21  | \$221.69 | THE OAKS AT FOREST BAY       | R48     | Nursing Home | 1        | 67        | Gov't to non-gov't      |
| 174  | 010  | 329370 | 0010  | 36,538    | 3097376 | \$7,330,000  | 02/01/21  | \$200.61 | THE OAKS AT FOREST BAY       | R48     | Nursing Home | 1        | 68        | Non-gov't to gov't      |
| 174  | 010  | 331360 | 0470  | 23,458    | 3061065 | \$750,000    | 07/31/20  | \$31.97  | CHARTLEY HOUSE               | R20     | Group Home   | 1        | 17        | Non-profit organization |
| 174  | 010  | 663290 | 0010  | 39,334    | 2911649 | \$20,287,213 | 01/19/18  | \$515.77 | PARK RIDGE CARE CENTER       | CB      | Nursing Home | 1        | 15        | No market exposure      |



## 2021 PHYSICAL INSPECTION AREA - SPECIALTIES 153 AND 174

SPECIALTY NEIGHBORHOOD RENTON, DES MOINES, JUNCTION, SKYWAY, BURIEN, VASHON, HIGHLAND PARK, HIGH POINT, SEA TAC, ALKI / FAUNTLEROY, ADMIRAL, INTERBAY, PORTION OF SOUTH SEATTLE

| Spec Area | Spec Nbhd | Major  | Minor | PropName              | TaxPayerName          | AddrLine            |
|-----------|-----------|--------|-------|-----------------------|-----------------------|---------------------|
| 153       | 315       | 000720 | 0156  | Merrill Gardens -     | MG AT RENTON LLC      | 7075 S TOBIN ST     |
| 153       | 240       | 082204 | 9014  | WESLEY HOMES - THE    | WESLEY HOMES DES      | 815 S 216TH ST      |
| 153       | 240       | 082204 | 9087  | WESLEY HOMES - THE    | WESLEY HOMES DES      | 816 S 216TH ST      |
| 153       | 240       | 092204 | 9062  | OLYMPIC VIEW          | BALTIC PROPERTIES INC | 21202               |
| 153       | 225       | 095200 | 6660  | Quail Park of West    | C/O ALTUS GROUP       | 4515 41ST AVE SW    |
| 153       | 225       | 095200 | 6680  | QUAIL PARK ( imp on - | C/O ALTUS GROUP       |                     |
| 153       | 225       | 095200 | 6700  | QUAIL PARK (imp on -  | C/O ALTUS GROUP       |                     |
| 153       | 225       | 095200 | 8285  | BROOKDALE - WEST      | CBYW WEST SEATTLE     | 4611 35TH AVE SW    |
| 153       | 165       | 118000 | 1715  | LAKESHORE, THE (ERA   | LAKESHORE             | 11448 RAINIER AVE S |
| 153       | 240       | 172204 | 9025  | JUDSON PARK           | AMERICAN BAPTIST      | 23600 MARINE VIEW   |
| 153       | 245       | 182304 | 9025  | EL DORADO WEST        | BROWN BUILDING        | 1010 S 134TH ST     |
| 153       | 315       | 182305 | 9017  | BROOKDALE AT          | EMERICHIP RENTON LLC  | 71 SW VICTORIA ST   |
| 153       | 475       | 192303 | 9086  | VASHON COMMUNITY      | VASHON ISLAND COM     | 15333 VASHON HWY    |
| 153       | 475       | 192303 | 9086  | VASHON COMMUNITY      | VASHON ISLAND COM     | 15333 VASHON HWY    |
| 153       | 245       | 192304 | 9328  | Merrill Gardens at    | ALTUS GROUP US INC    | 15020 5TH AVE SW    |
| 153       | 245       | 192304 | 9328  | Merrill Gardens at    | ALTUS GROUP US INC    | 15020 5TH AVE SW    |
| 153       | 315       | 202305 | 9086  | LODGE AT EAGLE        | GENCARE INC           | 1600 EAGLE RIDGE DR |
| 153       | 245       | 302304 | 9029  | NORMANDY PARK         | NORMANDY PARK         | 16625 1ST AVE S     |
| 153       | 245       | 312304 | 9001  | FERNWOOD AT THE       | WINTERFELL            | 17623 1ST AVE S     |
| 153       | 200       | 312404 | 9205  | ARROWHEAD             | ARROWHEAD SENIOR      | 9220 2ND AVE SW     |
| 153       | 200       | 312404 | 9205  | ARROWHEAD             | ARROWHEAD SENIOR      | 9220 2ND AVE SW     |
| 153       | 200       | 312404 | 9216  | ARROWHEAD             | ARROWHEAD SENIOR      | 9200 2ND AVE SW     |
| 153       | 215       | 327860 | 3190  | BRIDGE PARK HOLIDAY   | SNR 24 BRIDGE PARK    | 3204 SW MORGAN ST   |
| 153       | 255       | 342304 | 9341  | ANGLE LAKE SENIOR     | LUTHERAN COMMUNITY    | 4010 S 188TH ST     |
| 153       | 230       | 431570 | 0240  | KENNY, THE            | KENNY SAM & JESS      | 7125 FAUNTLEROY     |
| 153       | 235       | 608710 | 0540  | BROOKDALE -           | CBYW SEATTLE PROPCO   | 2326 CALIFORNIA AVE |
| 153       | 200       | 688230 | 0020  | DAYSTAR AT            | HUNTINGTON            | 2615 SW BARTON ST   |
| 153       | 315       | 723150 | 2030  | MERRILL GARDENS -     | MGP 47 LLC            | 104 BURNETT AVE S   |
| 153       | 315       | 723150 | 2030  | MERRILL GARDENS -     | MGP 47 LLC            | 104 BURNETT AVE S   |
| 153       | 315       | 723150 | 2120  | ASSOC LAND            | DARMODY THERESA       | 111 WILLIAMS AVE S  |
| 153       | 200       | 797260 | 2690  | FLORENCE OF SEATTLE   | CLARK ROBERT G        | 8424 16TH AVE SW    |
| 153       | 230       | 911600 | 0020  | Kenny, The            | SAMUEL & JESSIE KENNY |                     |
| 153       | 230       | 911600 | 0025  | Kenny, The            | KENNEY PRESBYTERIAN   |                     |
| 153       | 230       | 911600 | 0030  | Kenny, The            | SAMUEL & JESSIE KENNY |                     |
| 153       | 230       | 911600 | 0035  | Kenny, The            | SAMUEL & JESSIE KENNY |                     |
| 153       | 235       | 927620 | 0910  | Aegis Living of West  | ASC ADMIRAL WAY LLC   | 4700 SW ADMIRAL     |
| 174       | 10        | 162404 | 9040  | Washington Care       | WCC REALTY LLC        | 2821 S WALDEN ST    |

## 2021 PHYSICAL INSPECTION AREA - SPECIALTIES 153 AND 174

SPECIALTY NEIGHBORHOOD RENTON, DES MOINES, JUNCTION, SKYWAY, BURIEN, VASHON, HIGHLAND PARK,  
HIGH POINT, SEA TAC, ALKI / FAUNTLEROY, ADMIRAL, INTERBAY, PORTION OF SOUTH SEATTLE

| Spec Area | Spec Nbhd | Major  | Minor | PropName           | TaxPayerName        | AddrLine            |
|-----------|-----------|--------|-------|--------------------|---------------------|---------------------|
| 174       | 10        | 170490 | 0380  | Kin On Health Care | KIN ON HEALTH CARE  | 5208 42ND AVE S     |
| 174       | 10        | 170490 | 0435  | KIN ON HEALTH CARE | KIN ON HEALTH CARE  | 4416 S BRANDON ST   |
| 174       | 10        | 182304 | 9220  | BURIEN NURSING &   | SABRA BURIEN LLC    | 1031 SW 130TH ST    |
| 174       | 10        | 182305 | 9018  | ARCADIA MEDICAL    | WA3 PROPERTIES      | 80 SW 2ND ST        |
| 174       | 10        | 232403 | 9001  | PROVIDENCE MT ST   | PROVIDENCE MOUNT ST | 4831 35TH AVE SW    |
| 174       | 10        | 292305 | 9042  | MISSION HEALTHCARE | RENTON HEALTHCARE   | 17420 106TH PL SE   |
| 174       | 10        | 788360 | 8717  | SEA-MAR COMMUNITY  | SEA-MAR COMMUNITY   | 1040 S HENDERSON    |
| 174       | 10        | 927420 | 0430  | PARK WEST CARE     | SABRA PARK WEST LLC | 1729 CALIFORNIA AVE |
| 174       | 10        | 941240 | 0225  | CAROLINE KLINE     | C K GALLAND HOME    | 7500 SEWARD PARK    |



## King County

### Department of Assessments

King Street Center  
201 South Jackson Street, Room 708  
Seattle, WA 98104  
(206) 296-7300 FAX (206) 296-0595  
Email: [assessor.info@kingcounty.gov](mailto:assessor.info@kingcounty.gov)

*John Wilson*

*Assessor*

As we start preparations for the 2021 property assessments, it is helpful to remember that the mission and work of the Assessor's Office sets the foundation for efficient and effective government and is vital to ensure adequate funding for services in our communities. Maintaining the public's confidence in our property tax system requires that we build on a track record of fairness, equity, and uniformity in property assessments. Though we face ongoing economic challenges, I challenge each of us to seek out strategies for continuous improvement in our business processes.

Please follow these standards as you perform your tasks.

- Use all appropriate mass appraisal techniques as stated in Washington State Laws, Washington State Administrative Codes, Uniform Standards of Professional Appraisal Practice (USPAP), and accepted International Association of Assessing Officers (IAAO) standards and practices.
- Work with your supervisor on the development of the annual valuation plan and develop the scope of work for your portion of appraisal work assigned, including physical inspections and statistical updates of properties;
- Where applicable, validate correctness of physical characteristics and sales of all vacant and improved properties.
- Appraise land as if vacant and available for development to its highest and best use. The improvements are to be valued at their contribution to the total in compliance with applicable laws, codes and DOR guidelines. The Jurisdictional Exception is applied in cases where Federal, State or local laws or regulations preclude compliance with USPAP;
- Develop and validate valuation models as delineated by IAAO standards: Standard on Mass Appraisal of Real Property and Standard on Ratio Studies. Apply models uniformly to sold and unsold properties, so that ratio statistics can be accurately inferred to the entire population.
- Time adjust sales to January 1, 2021 in conformance with generally accepted appraisal practices.
- Prepare written reports in compliance with USPAP Standards 5 and 6 for Mass Appraisals. The intended users of your appraisals and the written reports include the public, Assessor, the Boards of Equalization and Tax Appeals, and potentially other governmental jurisdictions. The intended use of the appraisals and the written reports is the administration of ad valorem property taxation.

Thank you for your continued hard work on behalf of our office and the taxpayers of King County. Your dedication to accurate and fair assessments is why our office is one of the best in the nation.

John Wilson

Specialty Areas 153 and 174

2021 Assessment Year



**Department of Assessments**