

Executive Summary Report

Effective Date of Appraisal

January 1, 2010 (new construction July 31, 2010)

Date of Appraisal Report

August 18, 2010

Specialty Name

Nursing Homes (#174) and Retirement Facilities (#153)

Sales - Improved Summary

Number of Sales:	4
Nursing Homes	2
Retirements Facilities	2

Range of Sales

Dates intended for analysis: June 2007 to June 2010

Sales Ratio Study Summary

Because of the limited number of sales and the fact that none occurred after June 2008, any ratio study for values as of January 1, 2010 would not have statistical validity. Therefore no sales ratio study is presented here.

All sales used and not used from 1/1/2007 to the date of this report are included in the Addenda.

Population - Parcel Summary Data:

	<i>Land</i>	<i>Improvements</i>	<i>Total</i>
2009 Value	\$672,429,800	\$1,389,863,440	\$2,062,293,240^A
2010 Value	\$670,693,200	\$1,319,473,275	\$1,990,166,475^B
Percent Change	-0.26%	-5.06%	-3.50%^C

A This 2009 total is not the same figure as the new 2009 figure in last year's report because of new construction added after the report and because of additions and deletions to the parcels included in the Nursing Homes and Retirement Facilities specialty.

B This figure does not include new construction to be added to the assessment rolls after the date of this report.

C After deducting \$9,169,900 from the 2010 total for new construction added prior to the date of this report, the percent of change becomes -3.94%. The median change, not including new construction, was -9.36% and 80% of the parcels had range between -18.65% and +3.58% change, including 87 parcels with no change.

Population – Parcel Count

Number of Parcels in the Population was 364. This consisted of 61 Nursing Homes, 188 Retirement Facilities, and 115 condominium units. The count included vacant or improved parcels associated with a larger economic unit.

Conclusion and Recommendation

Due primarily to the refinements and more uniformity in the data on the subject parcels as described in this report, the values recommended in this report are believed to improve uniformity, assessment level and equity. We recommend posting them for the 2010 Assessment Roll.

Disclosures, Conditions, Limitations and Certification

Client and Intended Use of the Appraisal

The King County Assessor is the designated client. This mass appraisal report is intended for use only by the King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others 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 SR 6-8. To fully understand this report the reader may need to refer to the Assessor's Property Record Files, Assessor's 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.

Definitions 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. (Sammish 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. (Sammish 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 card or 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 a 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

Washington State 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.*

"[T]he entire [fee] estate is to be assessed and taxed as a unit" Trimble v. Seattle, 231 U.S. 683, 689, C 34 S. Ct. 218 (1914)

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

The definition of fee simple estate as taken from The Third Edition of The Dictionary of Real Estate Appraisal, published by the 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

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.

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 property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.

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.

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 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.

An attempt to segregate personal property from the real estate in this appraisal has been made.

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.

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.

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.

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:

1. The statements of fact contained in this report are true and correct
2. 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.
3. 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. **However, I have a personal business relationship with one of the properties appraised, namely Park Ridge Care Center (Parcel 663290-0010), because an immediate family member is residing there. This fact was reported to my supervisor at the time it first occurred. There was no bias on my part in the appraisal of this property and the staff of the facility was not aware of my assignment to appraise the property.**
4. I have no bias with respect to the property that is the subject of this report or to the parties involved.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. 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.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. The properties) physically inspected as scheduled in the revaluation plan for purposes of this revaluation are listed in the body of this report. Other properties were also inspected as noted in the Assessor's records.
9. The individuals listed below were part of the "appraisal team" and provided significant real property appraisal assistance to the person signing this certification: (1) Those who valued the land listed in the reports on the geographical areas (2) Those listed in the Apartment Report, most particularly Rick Davison who developed the Apartment Model,(3) Kent Walter, Senior Appraiser, and (4) Those staff members, present and past, listed in the Assessor's records who assisted in the gathering of data on and analysis of the properties involved.
10. Any services regarding the subject properties performed by the appraiser within the prior five years, as an appraiser or in any other capacity are recorded in the records of the client, the King County Assessor These include previous appraisals for prior revaluations, inspections, correspondence, appeals and other work in the normal course of employment as a deputy assessor.

John Berg, Commercial Appraiser II

August 18, 2010

Analysis Process

Effective Date of Appraisal

January 1, 2010 (new construction July 31, 2010)

Date of Appraisal Report

August 18, 2010

Responsible Appraiser for the Valuation for this Specialty Area

John Berg, Commercial Appraiser II, accredited by the State Department of Revenue in 2000.

Highest and Best Use Analysis

As if vacant: Market analysis of this area, together with current zoning and current anticipated use patterns, indicate the highest and best use of the majority of the appraised parcels as commercial use. 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. We find that 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 token value of \$1,000.00 is assigned to the improvements.

Interim and alternative uses: Some senior housing properties have been converted from other uses and some are adaptable to a different use. Here are some examples:

- Aegis of Bellevue was a failed residential condominium project that was acquired in shell stage and completed as an assisted living facility.¹
- Taylor Anne Condominium, 1730 Taylor Ave N, Seattle, was previously a skilled nursing facility that was converted to office condominiums². Prior to being a skilled nursing facility, it was standard apartments.
- Landmark on the Sound is being converted to a meeting facility. It was formerly the Masonic Retirement Center³.
- Remington Place Retirement Inn⁴ in Seattle was originally a residential condominium which had a portion of the basement parking converted to kitchen, dining, and common area for use as a senior independent living community.

¹ Parcel 066600-0126, http://www.nreionline.com/seniorshousing/aegis_boosts_market_share_0329/, downloaded 6/14/2010

² Parcel 856725-0000.

³ Parcel 172204-9023 <http://www.landmarkcelebrations.com/generalinformation.html>, downloaded 8/9/2010

⁴ Parcel 382170-0041,

http://www.gencarelifestyle.com/retirement_communities/Washington_State/Seattle_WA/Lake_City/zip_98125/Remington_Place/retirement_whole_life_living.php

- Catalina Apartments⁵ was a skilled-nursing facility built in 1992, Care Center At Kelsey Creek, and recently converted to apartment use.
- The Manresa Castle, an historic full-service hotel in Port Townsend, was being marketed for conversion to an assisted-living facility.⁶

Properties can also be converted from one use to another within the senior housing range of uses. The most likely change in use would be between a senior housing facility and traditional apartment use, with the feasibility related to the room size and configuration, such as the presence of kitchens and bathrooms. Such alternative or conversion uses need to be taken into consideration in the valuation process.

Standards and Measurement of Data Accuracy

Each sale was verified with the buyer, seller, real estate agent or tenant when possible. Data provided by Co-Star was also utilized. Current data was verified and corrected when necessary via field inspection.

Identification of the Area and Properties

Name: Nursing Homes and Retirement Facilities

Boundaries: All Nursing Homes and Retirement Facilities in King County.

Maps: Detailed Assessor's maps are located on the 7th floor of the King County Administration Building and online.⁷ The map in the Addenda shows the distribution of Nursing Homes and Retirement Facilities.

Special Instructions and Conditions

See the letter from the King County Assessor in the Addenda for special instructions to the appraiser from the client.

Description and Conditions for Properties Appraised

Demographics and Demand

Nursing homes and retirement facilities are dispersed throughout the county⁸. With constant improvements in new medical technology, and the aging of the baby boomers, the proportion of the population over 65 years of age continues to increase. It is expected to double in the next three decades.⁹ Although the statewide population in general is expected to increase over the next ten years, the older population (75+) is expected to grow in excess of the rate of the general population. These demographics can be expected to increase demand for nursing homes and ,

⁵ Parcel 032405-9037

⁶ <http://www.loopnet.com/property/14289160/7th-and-Sheridan/>, downloaded 8/27/09.

⁷ <http://www.metrokc.gov/assessor/emap/eMap.aspx>

⁸ See the map in the Addenda.

⁹ Shelley Seale, "Despite Recesssion, Demand for Senior Assisted-living Housing is Still Strong", The Seattle Times, http://seattletimes.nwsourc.com/html/realestate/2009118560_seniorhousing260.html, downloaded 6/14/2010.

retirement facilities statewide. The market for nursing homes is generally seen to be in the 85+ age range.

Nursing Homes (174)

As our population ages, individuals needing continuing medical 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 continuing care retirement communities (CCRCs). They 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 rooms (private). Older homes are more likely to have rooms containing three or more beds.

As a result of the Balanced Budget Act of 1997, a new Medicare payment system was implemented beginning July 1, 1998. It replaced the cost-based skilled nursing facility reimbursement system with prospective payment system (PPS). Skilled nursing facilities, (SNF) receive payment for each day of care provided to a Medicare beneficiary. Seventy-five percent of nursing home residents are on Medicare or Medicaid.

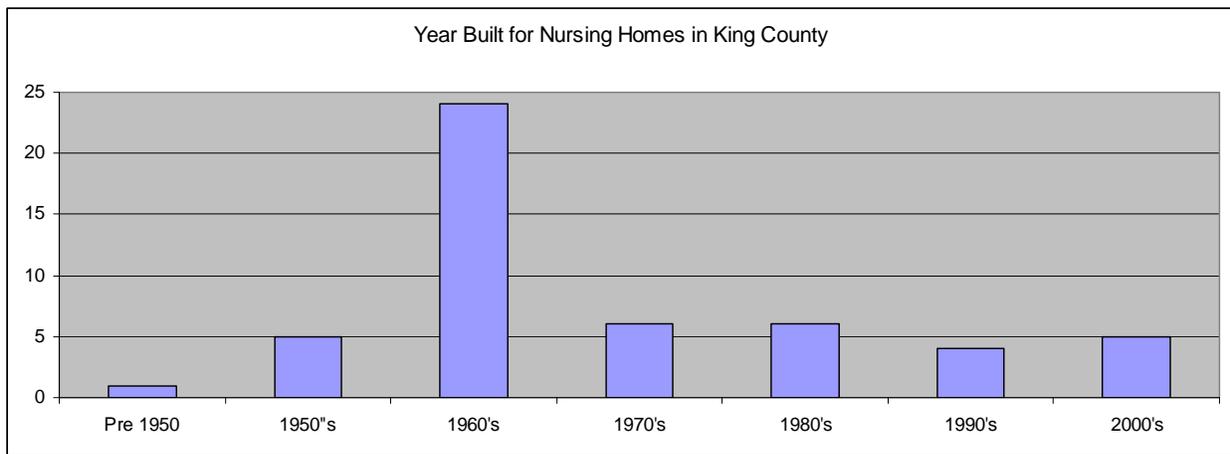
The nursing home industry in Washington is comprised of both for-profit and nonprofit homes. Approximately 70% of the homes across the state are for-profit.

Nursing homes are regulated by the Certificate-Of-Need Program (CON). The CON program is mandated by the federal government and administered by the individual states. In 1971, Washington started requiring anyone wanting to build or acquire facilities to first gain state permission in the form of a certificate of need. Washington has estimated bed need to be 45 beds per 1,000 population of persons 65 and older. Health care properties are required to go through long procedures in demonstrating to state officials the need for additional services in the area. 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.

The Federal government maintains a website¹⁰ that rates and compares all Medicare and Medicaid certified nursing homes. The aim of this program is to create standards consumers can use to compare nursing homes and to generate improvement in the industry through public scrutiny.

No new stand-alone nursing homes have been built in King County since 2002. Those built since then have been part of Continuing Care Retirement Communities. Most stand-alone nursing homes in King County were built in the 1960's, as shown from Assessor's records below:

¹⁰ <http://www.medicare.gov/NHCompare/Include/DataSection/Questions/ProximitySearch.asp>



Nursing homes are beginning to change the way they are managed and organized to create a more resident-centered environment. The goal is to be more "home-like" and less "hospital-like." In these homes, nursing home units are replaced with a small set of rooms surrounding a common kitchen and living room. The staff giving care is assigned to one of these "households." Residents have far more choices about when they awake, when they eat and what they want to do during the day. They also have access to more companionship such as pets. Many of the facilities utilizing these models refer to such changes as the "Culture Shift" or "Culture Change" occurring in the long term care industry.

As of January 1, 2010, the status of health care in the United States was in doubt as Congress dealt with health care reform. It was unclear how nursing care would be funded. This uncertainty led to caution by those in the industry. Much of the impact of the final bill on senior housing will not be known until the regulations are written.¹¹

Retirement Facilities (153)

The three most common types of senior housing are congregate seniors housing (independent living), assisted living and continuing care retirement communities. 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, and some assisted living facilities take early stage memory care patients. Full memory care units do not have kitchens and are secure to prevent the residents from wandering off on their own. There are several memory care facilities being built. Regulations specify these facilities must provide qualified staff which is to be present at all times. Although there are no universally accepted standard definitions, retirement facilities can generally be characterized as follows:

Independent Living (Congregate Senior Housing) Independent Living or Congregate senior housing is multi-family housing designed for seniors who pay for some services (such as 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 health care type services (such as 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 similar to traditional apartment units and generally have full kitchens.

¹¹ "Health Care Reform: Economic Boon or Boondoggle?" in National Real Estate Investor, July 26, 2010, http://nreionline.com/seniorshousing/health_care_reform_economic_boon_0736/, downloaded 8/11/10

Assisted Living Assisted living residences are designed for seniors who need more assistance with the 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 (CCRC). They may be contained in a property that supports assisted living units and nursing beds, or may be in a freestanding assisted living residence. The units are similar to traditional apartment units, although they may not have full kitchens, but 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 basically 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. New 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. The rules address medication, staff training, meal control, and residents' rights.

Continuing Care Retirement Community Continuing care retirement communities (CCRCs) are senior living complexes that provide a continuum of care including housing, health care, and various supportive services. Health care (i.e. nursing) services may be provided for directly or through access to affiliated health care facilities. Fees are structured as either 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 assisted and independent care. 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.

Issues in Valuation

The challenge of valuing Retirement and Nursing facilities is to separate the real estate value from that of the business. In most instances, they sell as a total business operation without separating out the intangible personal property value. Published income, expense, and capitalization rates relate to the total business entity. Nearly all appraisals for these facilities appraise the total business entity, with the breakdown of land, improvements, tangible and intangible (or business) values being only incidental to the total value estimate. Two most common methods used to break out the land and building values are (1) the cost approach and (2) allocation of an estimated percentage of either the total value or the income for managerial profit.

For this reason, 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. Retirement Facilities are appraised on a per unit basis, similar to apartments, while nursing homes are considered on a per-bed basis in relation to what operators actually pay in rent to lease a facility. All types are alternatively valued on a per square foot basis.

Economic Conditions and Trends for Properties

The specialized nature of these properties historically tended to insulate them from the rest of the real estate market^{12,13}. In fact, retirement communities have been anticipating growth as life spans are increasing. Some of these individuals are postponing retirement because of the current economic conditions. Some are not yet ready for a retirement community setting. As they age, the demand will increase in stages, first for Independent Living, then for Assisted Living at increasing levels, and finally twenty years later for skilled nursing care. Health care availability and affordability will also impact life spans and both the need and economics of the more acute health care needs of the seniors. The future is clearly there but the current demand is hampered by the present economic condition.

Those entering a skilled nursing facility do so as a result of medical needs rather than a lifestyle choice. Those moving to memory care assisted living also do so as a result of medical need. Moving to a retirement facility with independent living or assisted living is more a matter of choice and economics. With many seniors experiencing a decline in their home equity and investment portfolio, moving into a retirement facility can be delayed. One alternative is to move in with children or have children move back into their parents' home to provide the social needs and assistance with tasks of daily living. The rise of reverse mortgages has also allowed seniors to stay longer in their homes.¹⁴ Those living alone in their homes also have access to in-home health care assistance, which may be more economical than moving to an assisted living facility.

New construction of independent and assisted living has slowed and the number of new units is declining¹⁵. Pent up demand for assisted living is showing¹⁶. Because of these factors, occupancy rates have declined until late 2009 in independent and assisted living facilities¹⁷, and now appear to be increasing. Independent living was hardest hit and nursing home least hit. Consumer rents continue to rise slightly for all types of senior housing.¹⁸

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 the residents age in place, without the need to move out of the 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 also providing a section for memory care and a

¹² Shelley Seale, "Despite Recession, Demand for Senior Assisted-living Housing is Still Strong", The Seattle Times, http://seattletimes.nwsourc.com/html/realstate/2009118560_seniorhousing260.html, downloaded 6/14/2010.

¹³ Matt Valley, "Assisted Living Shows Healthy Signs in Second Quarter, National Real Estate Investor, http://nreionline.com/seniorshousing/healthy_vital_signs_assited_living_0728/, downloaded 8/11/10

¹⁴ "10 Senior Housing & Senior Living Trends to Watch in 2010", Senior Housing News, <http://seniorhousingnews.com/2010/01/05/10-senior-housing-senior-living-trends-to-watch-in-2010/> 6/16/10

¹⁵ "1Q10 Market Signal: Construction Pipeline is Emptying, but..", National Investment Center, <http://www.nic.org/research/signals/signal1q10.aspx>, downloaded 8/11/10

¹⁶ Matt Valley, "Assisted Living Shows Healthy Signs in Second Quarter, National Real Estate Investor, http://nreionline.com/seniorshousing/healthy_vital_signs_assited_living_0728/, downloaded 8/11/10

¹⁷ 4Q09 Market Signal: Have Seniors Housing Occupancy Rates Hit Bottom?", National Investment Center, <http://www.nic.org/research/signals/signal4Q094.aspx>, downloaded 8/11/10

¹⁸ "1Q10 Market Signal: What's in Store for Seniors Housing Rent Growth", National Investment Center, <http://www.nic.org/research/signals/signal4Q09.aspx>, downloaded 8/11/10

"4Q09 Market Signal: Senior Housing Rents Continue to Grow", National Investment Center, <http://www.nic.org/research/signals/signal1q103.aspx>, downloaded 8/11/10

skilled nursing facility. The newly completed Mirabella¹⁹ by Denny Park and Skyline at First Hill²⁰ are examples of this concept.

On November 2, 2008, The Seattle Times reported that assisted-living companies were slammed by the stock market. While the S&P 500 dropped 17 percent in the previous month, three major publically-traded assisted living companies dropped by 54, 78, and 61 percent. Rami Grunbaum wrote

*“That's because investors see the companies occupying a convergence zone where all the economy's troubles intersect. The slump in housing values means potential elderly residents often can't sell a major asset for what they think it's worth. The stock-market decline is hurting customers' retirement portfolios. And the credit crunch raises concern about companies that borrow heavily to build complexes.”*²¹

Subsequent tracking of these and similar companies since that article was written showed that they had not, as the date of last year's assessment report, regained their former values of January 1, 2008. Additional tracking for the following year (for this 2010 report) indicated that they typically regained one third to one half of their former value²². The National Investment Center for Seniors Housing and Care Industry (NIC) reports on trends and transactions in the industry²³. A comparison of mean capitalization rates between 12/21/08 and 12/31/09 shows:

Property Type	12/08 Rate	12/09 Rate	% Change	Value Impact
Independent Living	8.7	8.8	1.1%	-1.1%
Assisted Living	9.3	9.9	6.5%	-6.1%
Nursing Homes	13.1	13.3	1.5%	-1.5%
CCRCs	9	9.5	5.6%	-5.3%

These capitalization rates above reflect the total business entities, not just the real estate portions. Rates are higher for Nursing Homes and lower for Independent Living because of the degree of business operations involved.

Irving Levin Associates., Inc, The Senior Care Acquisition Report, 15th ed, 2010²⁴, reported that the price per unit for stabilized assisted living facilities dropped 18% from \$143,000 in 2008 to \$117,000 in 2009. Average unit prices for 2006 and 2007 were \$145,100 and \$173,200 respectively.

There has been a drop in the number of sales of senior housing facilities nationwide.²⁵ Experience of the appraiser authoring this report has shown that a significant drop in volume

¹⁹ Parcel 246840-0005, <http://www.mirabellaretirement.org/seattle/location.htm>

²⁰ Parcel 859040-0825, <http://www.prcn.net/skyline>

²¹ http://seattletimes.nwsourc.com/html/businesstechnology/2008340535_sundaybuzz02.html, accessed 8/26/09)

²² <http://www.google.com/finance>, companies tracked: Brookdale Senior Living, Inc., Assisted Living Concepts, Inc., Emeritus Corporation, Capital Senior Living Corporation, Five Star Quality Care, Inc., Kindred Healthcare, Inc., Sunrise Senior Living, Inc., HCP, Inc.

²³ <http://www.nuc.irc/research/kfi/capitalization.aspx>, 12/08 rates downloaded 8/11/10, prior year's rates no longer available online, but are in appraiser's files.

²⁴ <http://www.levinassociates.com/sites/default/files/pdf/scar/scar15abstract.pdf>, accessed 8/10/10.

<http://www.levinassociates.com/publications/scar/scar14abstract.pdf>, 2009 abstract accessed 8/26/09, no longer available online.

²⁵ <http://www.levinassociates.com/sites/default/files/pdf/scar/scar15abstract.pdf>, accessed 8/10/10.

generally indicates a downward change in market values. The definition of market value includes the concept of willing buyers and sellers not under undue pressure to buy or sell. Buyers need both a willingness and ability to buy. Buyers are willing to buy because of anticipated future benefits from ownership. Their ability to buy is also tied to the availability of credit. Thus with reduced availability of credit and less confidence in the immediate future benefits of ownership, buyers' demand has dropped. On the other hand, sellers are faced with the decision to sell now or sell later. The overall long-term economic prospects in the Greater Seattle Area, and specifically for senior housing, remain optimistic. An owner who either purchased at the 2006 to 2008 high levels, or is considering the value of the property at that time, is reluctant to sell at a loss when the buyers' demand drops off sharply. Most owners would prefer to hold the property and wait for the anticipated long-term recovery. An owner would typically sell at a loss for one of two reasons, (1) the owner's individual financial situation or plans requires the sale of the asset, or (2) the seller anticipates being forced sell at a much greater loss in the future. Thus most sales during a rapid downturn phase do not meet the criteria of a willing seller.

See the previous discussion of Interim and Alternative uses under the heading Highest and Best Use. Since many senior housing facilities can be converted to use as traditional apartments, the apartment market in King County has an impact on the senior housing values. The apartment market in the area appears to be the least damaged of all property types by the most recent economic downturn. As such, the alternative use as apartments would tend to set a floor for the downward movement of senior housing values. In other words, if the value of a property as senior housing facility were to drop too far, it would be more economical to convert its use to traditional apartments.

Occupancy rates have declined since 2007 but increased slightly at the end of 2009²⁶. Rents are up slightly over the same period. New construction has slowed considerably and fewer new units will be available in the future. Skyline at First Hill²⁷, Aljoya Thornton Place²⁸ near Northgate, Merrill Gardens²⁹ at University Village, Aegis – Bellevue³⁰ and Arrowhead Gardens³¹ in West Seattle were just recently completed. Merrill Gardens is currently adding a new independent and assisted living facility in downtown Kirkland. A new 126-unit independent and assisted living facility with memory care in Milton,³² just south of Enchanted Village has stopped construction at 90% completion due to legal and financial difficulties.

All indications are that the values of senior housing facilities dropped during 2008, but the 2009 changes are difficult to estimate without current sales locally. The fact that the local multi-family market has done better than the national trends demands caution in simply applying national trends locally. The exact degree of change in King County is difficult to determine at this time.

²⁶ Jane Adler, "Uneven Seniors Housing Recovery Takes Shape", National Real Estate Investor, http://www.nreionline.com/seniorshousing/real_estate_uneven_seniors_housing/index.html

²⁷ Parcel 859040-0825, <http://www.prcn.net/skyline>

²⁸ Parcel 322604-9568, <http://www.aljoyathornton.com/>

²⁹ Parcel 717480-0169,

http://www.merrillgardens.com/assisted_living/Seattle_WA/zip_98105/merrill_gardens/3289

³⁰ Parcel 066600-0126, http://www.aegisliving.com/assisted_living/Bellevue_WA/zip_98004/aegis_living/1679

³¹ Parcels 312404-9126 & 312404-9568, <http://www.arrowheadgardens.com/>

³² Parcel 436820-0010 (no active website)

Physical Inspection Identification

Those properties physically inspected as part of the six-year cycle are listed in the Addenda. Other properties were also inspected as noted in the Assessor's records for purposes of sales or data verification.

Preliminary Ratio Analysis

Because of the limited number of sales, a statically valid Preliminary Ratio Analysis is not available.

Physical Data Revisions

A general review and revision of the data for Retirement Facilities and Nursing Homes was conducted, and revisions were made as follows:

- Many facilities contain both independent living with meals and assisted living, also with meals, with no difference between the actual units utilized for each. The number of beds licensed as a boarding home reflects the level of assisted living services. Memory care would typically be 100% licensed boarding beds. Data from the State Department of Health were utilized for bed counts for both boarding home beds and skilled nursing facility beds.
- Two new section use codes were added to the appraisal system, Multiple Residence, Assisted Living (#589) and Multiple Residence, Retirement Community Complex (#710). Data for each parcel in the specialty were reviewed and revisions made when necessary to reflect these new use codes. Some transfers were made between the Nursing Home and Retirement Home designations to more accurately reflect the predominate use of the properties.
- Unit breakdowns showing the number and type of units were missing from the Assessor's database for many Retirement Facilities. This data was added, with data from property files and Internet sources, and was estimated in some instances where necessary.
- In standard apartments, the actual living space for each unit is reflected in the net rentable area, while hallways, offices, and common areas are reflected only in the gross building area. However, for assisted living and independent living facilities with dining facilities, this additional space is income-producing. Therefore, in order to provide uniformity in the data and to allow the income approach calculations to reflect this usable space, data was changed for Retirement Facilities to include common areas in the net rentable area, as though the operator were renting the entire facility from the property owner. The unit breakdown and average unit size still reflected the actual rentable units only. Parking, retail, and other uses were coded separately.

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 reports. The

individual Commercial Area Reports³³ are incorporated by reference in this report, together with their validity as an extraordinary assumption.

Improved Parcel Total Values

The total parcel values were reconciled from sales comparison approach, cost approach, the income capitalization approach, and the application of the apartment model. Additional attention was given to those parcels when any increase in total assessed value or any decrease of more than 25% was indicated. The total value for the parcel or economic unit was selected and then the land value deducted to arrive at the improvement value.

Sales Comparison Approach

Verified Sales

Six sales verified as good occurred between 1/1/06 and 7/1/10. Normally, sales more than three years prior to the assessment date would not be considered in analysis. Two 2006 sales are included here for information because of the limited number of sales available. They are summarized as follows

1. Parcel 011410-0545 sold 7/5/2006 for \$9,105,000. **Spring Estates Senior Living**, located at 7221 NE 182nd St, Kenmore consists of assisted living and memory care. It is licensed for 92 beds as a boarding home reporting 20 memory care and 72 assisted living. There are 85 units consisting of studio, one and two-bedroom units. Memory care units have no kitchens and are double-occupancy. It was built in 1998. The reported sales price was adjusted downward \$1,495,000 for intangible business value to \$9,105,000. Its 52,000 SF NRA sold at \$175/ SF, its 92 beds at \$98,967, and its 85 units at \$107,118. { www.springestatesslc.com }
2. Parcel 202205-9208 Sold 11/13/06 for \$7,708,000. **Aegis of Kent**, located at 10421 SE 248th is devoted to memory care. Originally built in 1999, it has 24 units for double occupancy and is licensed as a boarding house for 48. Its 22,669 SR NRA sold for \$340/SF, or 24 units at \$321,167 per unit, or 48 beds at \$160,583 per bed. { www.aegisliving.com }
3. Parcel 292604-9051 sold 6/25/07 for \$16,500,000. **The Foundation House**, located at 11301 3d Ave NE, Seattle is within walking distance of the Northgate Shopping Center. It was originally built in 1998 as retirement housing for educators. It has 106 units (Co-Star lists 104) with a mixture of studios, one and two-bedroom units. Primarily independent living with kitchenettes in each apartment, it also is licensed for assisted living for 30 residents and has a common dining room. It does not provide memory care for dementia or Alzheimer's. Its 87,332 SF NRA sold at \$199/SF or its 106 units at \$155,660 per unit. The average unit size is 773SF (common area such as dining area used for assisted living is included in NRA but not average unit size calculation.) { www.foundationhouseng.com }.
4. Parcel 884430-0040 sold 2/21/08 for \$7,677,000. **Aegis of Issaquah**, located at 780 NW Juniper St has both assisted living and memory care. It is licensed as a boarding home for 100 (Co-Star reports 98 beds and Assessor's records show 98 units). It was built in

³³ <http://kingcounty.gov/Assessor/Reports/AreaReports/2010.aspx>

1995. The reported sales price was adjusted downward -10,848,00 to \$7,677,000 for business value included in sale (see BTA docket #08-124). Its 29,897 SF NRS sold for \$78,337/ SF or 98 beds at \$189,030 per bed. {www.aegisliving.com}

5. Parcel 182304-9220 sold 5/1/2008 for \$4,905,000. **Burien Nursing and Rehabilitation Center**, located at 1031 SW 130th, is a skilled-nursing facility licensed for 140 beds. (Their website states 116 beds) It was built in 1962. Its 19,404 SF NRA sold for \$253/ SF or 116 beds at \$42,284 per bed. {burienrehab.com}
6. Parcel 292605-9153 sold 6/3/2008 for \$13,810,000. **Life Care Center of Kirkland** is located at 10101 NE 120th. It is a skilled nursing facility licensed for 190 beds (its website states 177) and built in 1971. It was purchased by the tenant. Its 42,239 SF sold for \$327 per SF or 177 beds at \$78,023 per bed. {www.lcca.com}

Sales Comparison Approach Calibration

No adjustments were made to the sales cited. They are utilized to indicate a range of values within the contest of the sales dates.

Sales Comparison Approach Application

Sales cited above all occurred before the financial downturn of late 2008 and are therefore of limited value in estimating market values as of January 1, 2010.

Cost Approach

Cost Model Description

Cost estimates are automatically calculated via the Marshall & Swift Valuation modeling system.

Cost Model Calibration

The Marshall & Swift Valuation modeling system which is built in 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

Cost Model Application

New construction was generally valued using the cost approach from the computerized valuation model supplied by Marshall & Swift and adapted by the Department of Assessments. Traditionally, for Retirement 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.

The limitations of the cost approach in valuing older improvements were recognized. Depreciation other than for age was also considered in applying weight to the cost approach. Functional depreciation diminishes value as older buildings do not conform to current standards. Economic depreciation diminishes the building value as the land value increases and the highest and best use of the land becomes redevelopment. Market conditions can also impact economic depreciation in the cost approach; for example, since few skilled nursing facilities have been

built recently outside of retirement community complexes, the cost of a stand-alone skilled nursing facility may not be the best basis for value.

Effective year, rather than year built, is used to calculate depreciation in the cost approach. The effective year reflects upgrades and remodeling after original construction and considers the remaining economic life of the improvements.

Use of the Apartment Model

Apartment Model Description

With the addition of unit breakdowns in the database for the Retirement Facilities, the Apartment Model developed for the revalue of apartments (Specialty 100) was adapted to reflect the value of the apartment use for Retirement Facilities. The Apartment Report³⁴ is incorporated by reference in this report, together with its validity as an extraordinary assumption. Comparable apartment sales were also cited for many Retirement Facilities

Apartment Model Calibration.

See the Apartment Model cited above for the original calibration. The apartment model data was enhanced to show the number of boarding or nursing beds, the number of meals included, and whether or not the majority of the units had kitchens. This additional data assisted the appraiser in determining each subject's similarity to traditional apartments.

Apartment Model Calibration.

The Appraisal Institute's online course "Appraisal of Nursing Facilities" (2008) contained the following discussion of the use of apartment sales

Using Apartment Sale and Rental Data as a Proxy for SNF Realty Value

Apartments often share many similar location (land value) and construction features with nursing facilities, and can be considered as a proxy in some cases. Comparing the per-square-foot prices of similarly located apartments with comparable building ages and construction qualities to the subject can set a baseline real estate value.

Since skilled nursing facilities have higher replacement cost, the depreciated difference between apartments and SNF can be added to the apartment sale prices. This technique can be indicative of real estate value, provided location and physical qualities are similar³⁵.

Because a retirement home is even more similar to a normal apartment than a skilled nursing facility, the applicability of apartment values to Retirement Facilities is more applicable. See also the previous discussion of apartment values under Economic Factors and Conditions.

³⁴

<http://kingcounty.gov/Assessor/Reports/AreaReports/2010/~/media/Assessor/AreaReports/2010/Commercial/100.aspx>

³⁵ Copy from appraiser's file.

Income Capitalization Approach

Income Capitalization Description

A new income approach model was created for the 2010 revaluation. In order to reflect the real estate only without the intangible business value, a hypothetical condition was utilized in which the operator leased the real estate in a triple net lease.

Effective age was broken out into ranges: 1900-1975, 1976-1980, 1981-1995, 1996-2010.

Quality was ratings in the table of poor, average, good, and excellent were applied to actual ratings of low cost, low average, average, average-good, good, and excellent.

Income approach calibration

The income approach utilized in the 2008 revaluation was adjusted in an attempt to approximate changes since then. No new rent studies were conducted due to limited time and available data. The following table³⁶ shows those rates utilized³⁷ for the various use types:

Use Description	Rent Low	Rent High	VCL Rate	OEX Rate	Cap High	Cap Low
auditorium	6.00	6.00	7.00%	10.00%	9.00%	9.00%
balcony	6.00	6.00	7.00%	10.00%	9.00%	9.00%
basement parking	2.75	4.00	7.00%	10.00%	10.50%	8.00%
basement, finished	5.40	7.00	7.00%	10.00%	10.50%	8.00%
basement, semifinished	2.75	3.25	7.00%	10.00%	10.00%	9.50%
basement, unfinished	2.75	3.25	7.00%	10.00%	10.00%	9.00%
cafeteria	13.00	13.60	7.00%	10.00%	9.00%	8.50%
church	8.80	8.80	7.00%	10.00%	10.00%	10.00%
clubhouse	9.00	13.60	7.00%	10.00%	10.00%	8.50%
convalescent hospital	8.00	15.20	7.00%	10.00%	10.50%	8.00%
day care center	12.00	15.00	7.00%	10.00%	8.50%	9.00%
equipment shop	2.75	2.75	7.00%	10.00%	10.00%	10.00%
fitness center	10.40	10.40	7.00%	10.00%	9.50%	9.50%
garage, storage	2.75	3.75	7.00%	10.00%	10.00%	8.50%
group home	11.00	17.00	7.00%	10.00%	9.50%	8.00%
health club	13.60	13.60	7.00%	10.00%	8.50%	8.50%
home for the elderly	10.40	15.20	7.00%	10.00%	9.50%	8.00%
laundromat	13.00	15.00	7.00%	10.00%	9.00%	8.50%
mezzanines-office	10.40	10.40	7.00%	10.00%	9.50%	9.50%
mezzanines-storage	13.60	13.60	7.00%	10.00%	8.50%	8.50%
multiple residence (low rise)	13.60	13.60	7.00%	10.00%	8.50%	8.50%
multiple residence (senior citizen)	7.20	15.20	7.00%	10.00%	10.50%	8.00%
multiple residence assisted living	7.20	15.20	7.00%	10.00%	10.50%	8.00%
office building	11.00	13.60	7.00%	10.00%	9.50%	8.50%
parking structure	3.50	4.00	7.00%	10.00%	9.00%	8.00%
residence	10.40	13.60	7.00%	10.00%	9.50%	8.50%
restaurant, table service	13.60	13.60	7.00%	10.00%	8.50%	8.50%
retail store	10.40	15.20	7.00%	10.00%	9.50%	8.00%

³⁶ Table source from appraiser's files.

³⁷ Rental and Cap rates from the table for properties none of which were in the population are excluded from the ranges.

retirement community complex	12.00	13.60	7.00%	10.00%	9.00%	8.50%
storage warehouse	5.40	6.50	7.00%	10.00%	10.50%	8.50%
theatre, cinema	13.60	13.60	7.00%	10.00%	8.50%	8.50%
underground parking structure	3.50	3.75	7.00%	10.00%	9.00%	8.50%

Income Approach Application

Because of the lack of adequate market data for the calibration of the income approach model, it was considered less reliable as an indication of value. It was utilized as a check against the cost approach to assist in determining economic and functional depreciation for older properties.

Reconciliation

In arriving at a final reconciled value, each parcel was considered individually. For Skilled Nursing Facilities, the most weight was given to the cost approach. For Retirement Facilities, the apartment model was given considerable weight as the appraiser selected a reconciled value after considering the following value indications³⁸:

- Recent Subject Sales
- Previous Board of Equalization and State Board of Tax Appeals decisions
- The previous Assessed Value
- The Income Capitalization Approach from the Apartment Model
- The Income Approach by Gross Income Multiplier from the Apartment Model
- Comparable Sales of Apartments with Apartment Model adjustments
- The Cost Approach
- The Weighted Value from the Apartment Model
- The Income Approach for Retirement Facilities (which was given little weight)

Model Validation

Total Value Conclusions, Recommendations and Validation

Appraiser judgment prevails in all decisions regarding individual parcel valuation. A value is selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate is appropriate and may adjust for particular characteristics and conditions as they occur in the valuation area.

The total assessed value for the 2009 assessment year for Area was \$2,062,293,240. The total recommended assessed value for the 2010 assessment year is \$1,990,166,475. Application of these recommended values for the 2010 assessment year results in a total change from the 2009 assessments of -3.50%.

³⁸ Various value indications for each property are in appraiser's files.
 \\Shadow\attachments\bergj\AptModSenior2010C.xls

Addendum

Map of Parcels Appraised



Orange = Retirement Facilities, Green = Nursing Homes

List of Parcels Scheduled for Physical Inspection

Type	Parcel	PropName	SitusAddress	Juris
153	202205-9062	ARBOR VILLAGE	24121 116TH AVE SE	Kent
153	202205-9157	ARBOR VILLAGE MEMORY CARE	14004 114TH PL SE	Kent
153	202205-9067	ARBOR VILLAGE PHASE 2	24205 116TH AVE SE	Kent
153	509440-0025	AUBURN MEADOWS	945 22ND ST NE	Auburn
174	501600-1680	BAILEY BOUSHAY HOUSE	2720 E MADISON ST	Seattle
174	172205-9173	BENSON HEIGHTS REHAB CENTER	22410 BENSON RD SE	Renton
174	219810-0110	BESSIE B SULLIVAN	1020 E JEFFERSON ST	Seattle
174	941240-0225	CAROLINE KLINE GALLAND HOME	7500 SEWARD PARK AV S	Seattle
153	639180-0010	CHATEAU AT VALLEY CENTER	4450 DAVIS AVE S	Renton
153	639180-0125	Chateau at Valley Center	4450 DAVIS AVE S	Renton
153	042305-9042	EVERGREEN PLACE	1414 MONROE AVE NE	Renton
153	773610-0020	EVERGREEN PLACE	1414 MONROE AVE NE	Renton
153	773610-0025	EVERGREEN PLACE	1414 MONROE AVE NE	Renton
153	192205-9042	FARRINGTON COURT	516 KENOSIA AVE	Kent
174	197820-0320	FIRST HILL CONVALESCENT HOME	1318 TERRY AVE	Seattle
174	797260-2690	FLORENCE OF SEATTLE	8424 16TH AVE SW	Seattle
174	170490-0435	KIN ON HEALTH CARE CENTER	4416 S BRANDON ST	Seattle
174	042404-9024	LEON SULLIVAN HEALTH-BRANCH	2611 S DEARBORN ST	Seattle
174	927620-0910	LIFE CARE CENTER WEST SEATTLE	4700 SW ADMIRAL WAY	Seattle
153	723150-2030	MERRILL GARDENS RENTON	82 BURNETT ST	Renton
153	000720-0104	Merrill Gardens Renton	82 BURNETT ST	Renton
153	000720-0154	Merrill Gardens Renton	82 BURNETT ST	Renton
153	000720-0156	Merrill Gardens Renton	82 BURNETT ST	Renton
153	723150-2120	Merrill Gardens Renton	82 BURNETT ST	Renton
174	927420-0430	PARK WEST CARE CENTER	1729 CALIFORNIA AVE SW	Seattle
153	000100-0080	PARKSIDE EAST (ASST LIVING)	2902 I ST NE	Auburn
153	000100-0097	PARKSIDE WEST RETIREMENT COMM.	2801 I ST NE	Auburn
174	232403-9001	PROVIDENCE MT ST VINCENT	4831 35TH AVE SW	Seattle
153	272205-9073	Radcliffe Place	13530 SE 272ND ST	Kent
174	182305-9018	REGENCY AT RENTON REHAB CENTER	80 SW 2ND ST	Renton
153	182305-9017	RENTON VILLA	71 SW VICTORIA ST	Renton
174	788360-8717	SEA-MAR COMMUNITY CARE CENTER	1040 S HENDERSON ST	Seattle
174	982670-0565	SEATTLE KEIRO	1601 E YESLER WAY	Seattle
153	192205-9126	STAFFORD SUITES ASSISTED LIVING	112 KENNEBECK AVE N	Kent
174	312305-9010	TALBOT CENTER	4430 TALBOT RD S	Renton
153	118000-1715	THE LAKESHORE	11448 RAINIER AVE S	Renton
153	202305-9086	THE LODGE AT EAGLE RIDGE	1600 EAGLE RIDGE DR	Renton
174	192303-9086	VASHION COMMUNITY CARE CENTER	15333 VASHON HWY SW	Vashon
174	162404-9040	WASHINGTON CENTER FOR COMP.REHAB	2821 S WALDEN ST	Seattle
153	172105-9007	WESLEY HOMES RETIREMENT COMM.	10805 SE 320TH ST	Auburn

Sales

Sales Used													
Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
153	010	292604	9051	87,322	2294119	\$16,500,000	06/25/07	\$188.96	Foundation House at Northgate	MR	1	Y	
153	030	884430	0040	29,897	2334181	\$7,677,000	02/21/08	\$256.78	Aegis of Issaquah	MUR	1	Y	
174	010	292605	9153	42,239	2353412	\$13,810,000	06/03/08	\$326.95	LAKE VUE GARDENS CONVALESENT CTR	RM 2.4	1	Y	
174	020	182304	9220	39,507	2344188	\$4,905,000	05/01/08	\$124.16	BURIEN NURSING CENTER	O	1	Y	
Sales Not Used													
153	000	082605	9059	98,880	2262797	\$25,000,000	01/29/07	\$252.83	Foundation House @ Bothell	R 9600,	3	33	Lease or leasehold
153	010	080900	2696	42,188	2325640	\$17,188,225	12/20/07	\$407.42	QUEEN ANNE MANOR	L-2	1	1	Personal property included
153	010	112505	9055	27,225	2334239	\$13,300,000	02/25/08	\$488.52	Aegis Senior Inn of Redmond	R30	1	33	Lease or leasehold
153	010	182305	9017	48,965	2306796	\$11,499,985	08/15/07	\$234.86	RENTON VILLA	R-10	1	59	Bulk portfolio sale
153	010	202205	9067	94,333	2320756	\$25,570,000	11/12/07	\$271.06	ARBOR VILLAGE PHASE 2	SR-6	3	1	Personal property included
153	020	066600	0126	23,840	2359183	\$6,015,000	08/13/08	\$252.31	BELLWOOD APT	R-30	1	52	Statement to dor
153	030	082104	9088	60,272	2353462	\$8,195,247	06/30/08	\$135.97	EVERGREEN LODGE	BC	1	59	Bulk portfolio sale
153	030	172104	9039	140,876	2403847	\$7,350	07/27/09	\$0.05	FOUNDATION HOUSE OF FEDERAL WAY	OP	1	24	Easement or right-of-way

174	010	342406	9152	61,520	2319240	\$5,191,827	11/01/07	\$84.39	ISSAQUAH NURSING AND REHAB CENTE	MF-H	1	23	Forced sale
174	020	170490	0435	41,649	2308821	\$3,000	08/14/07	\$0.07	KIN ON HEALTH CARE CENTER	NC2/R -4	1	24	Easement or right-of-way

Instruction Letter from Assessor



King County

Department of Assessments
King County Administration Bldg.
500 Fourth Avenue, ADM-AS-0708
Seattle, WA 98104-2384
(206) 296-5195 FAX (206) 296-0595
Email: assessor.info@kingcounty.gov

Lloyd Hara
Assessor

As we start a new decade and prepare the 2010 revaluations for the 2011 Tax Roll, it is important for staff to review our standards for completing our assessments for this year. As Deputy Assessors, first, everyone works for the taxpayers of King County and we must do our work in the most fair and equitable manner. Second, we will take pride in doing the best professional job possible. Third, we will treat all taxpayers with respect and value their opinions.

To further those standards, all appraisers are directed to:

- Use all appropriate mass appraisal techniques as stated in Washington State Laws, Washington State Administrative Codes, 2010 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;
- Validate for correctness physical characteristics for all vacant and improved properties and, where applicable, validate sales data for those 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 valuation models as delineated by the IAAO (Standard on Mass Appraisal of Real Property, 2002; rev 2008). Apply models uniformly to sold and unsold properties, so that ratio statistics can be accurately inferred to the entire population. Validate models as delineated by IAAO in their Standard on Ratio Studies (approved July 2007).
- Prepare written reports in compliance with USPAP Standard 6 for Mass Appraisals. The intended users of your appraisals and the written reports include the Assessor, the King County Board of Equalization, the Washington State Board of Tax Appeals, the King County Prosecutor and the Washington State Department of Revenue. The intended use of the appraisals and the written reports is the administration of ad valorem property taxation.

Lloyd Hara
King County Assessor