

**OBJECTION TO ASSESSMENT FOR HEARING 3/29/2017**

From: William A. and Helen M. Abbott, petitioners  
To: City Council  
Via: City Clerk, 733 Market Street, Room 11, Tacoma

**RECEIVED**

MAR 28 2017

**CITY CLERK'S OFFICE**

Subj: Assessment No. 00109M and LID 8645

1. This objection has to do with **Local Improvement District No. 8645 for Paving** and the **Notice of Assessment Hearing of 03/02/2017**.

2. The property affected is tax parcel PA9009130130, located at 505 Broadway, Unit 410, Tacoma, WA 98402, and legally described as:

Last changed: 08/01/11 Section 32 Township 21 Range 03 Quarter 44  
Condominium 505 BROADWAY CONDO UNIT 410 TOG/W 1.75% INT IN  
COMMON

3. Petitioners purchased this property 12/20/2010 for \$375,000.00 and have resided there since.

4. **NOTE:** Petitioners do NOT object to paying for the improvements made by the city for LID 8645, but only object to the amount assessed. From prior correspondence to other condo owners, petitioners expected to pay 3820.87. Instead, their assessment, No. 00109M, was \$7516.00, two times what was expected. Petitioners request that the original assessment be used. See enclosure (1).

**5. GENERAL DISCUSSION of an LID:** Petitioners believe that LID 4645 (and LIDs in general) was formed as a sort of contract between the city and land developers for mutual benefit. In other words, the city works on paving the street, putting in lights, utilities underground, etc. to improve access and the developer improves the property use. This cooperation encourages property improvements and increases the city's tax base. 505 Broadway falls in this category.

When owners of improved property help pay for the LID, the assessment is based on the special benefit to the property due to the city improvements, which the court in Douglas Luther Myser v. Spokane County defined as: "the difference between the fair market value of the property *immediately* after the special benefit has attached and the value before it attached." Other cases define it as the difference in property value with the city improvement and the value without it. These guidelines work fine when there is a standing building on the property. They do not work as well based upon the greatly increased value due to a brand new building. Before and after appraisals become difficult.

6. Petitioners take **EXCEPTION TO THE APPRAISAL** used for determining the values in the special benefits study.

**EX-16**

CL-HEX  
Legal  
LID

A. For example, the appraiser states on page 3 of the study that they used a retrospective value date of 8/1/2011, and that the property's actual condition could have changed between then and the time of the report of 11/15/2016. The 505 Broadway building has been meticulously maintained and improved. It has original art etched in its sides, original art lions sitting in front, and other city beautification improvements. It is strongly felt that the appraiser wrongly added value due to changed conditions well after the date of completion of the LID. In other words, he guessed, which the circumstances forced.

B. Petitioners feel that the report cannot possibly duplicate the values *immediately* following the date of completion, as mandated by RCW 35.44.290. This would have actually been previous to when the contractor was paid and submitted a completion letter on 8/1/2011, probably sometime in 2008-9. (Remember that petitioners purchased in 2010.) The city had problems with both the contractor and other LIDs around that time and was spending considerable time in negotiations, not the fault of the homeowners subject to the LID assessment.

C. State law and LID Guidelines suggest that there are time limits on determining the assessment. There are certainly many quite short timelines afforded the property owners, such as 10 days to appeal and 30 days to pay. Compare that to 5 to 7 years to determine the assessment. This is inconsistent with the rules and unfair. RCW 35.44.290 mandates that cities tie every assessment to the actual cost of the improvement *at the time of completion*. Enclosure (1) did that.

Another guideline to time frame would be federal law regarding tax-exempt bonds. CFR 1.150-2(d) states:

“(2) Reimbursement period -:

(i) In general. The reimbursement allocation is made not later than 18 months after the later of -

(A) The date the original expenditure is paid; or

(B) The date the project is placed in service or abandoned,

but in no event no more than 3 years after the original expenditure is paid.”

The revised evaluation of the assessment violates both federal and state law. At best, it is gross mishandling of the LID procedures concerning time.

D. There are other objections to the appraisal. They concern the comparables and possible contradictions in the study itself. For example, improving access and its appearance would benefit a commercial establishment more than a residence. Using a commercial business as a comparable provides a false value.

The petitioners are not experienced with appraisals and request that the Examiner recognize an **appraiser**, Larry Strege, whose **resume** is **attached**. He will better explain at the time of the hearing the problems with the appraisal. See attachment (2).

## 7. **OTHER CONSIDERATIONS** In the case of 505 Broadway:

A. Just before the LID the property had an old building on it, and the property tax was based on an evaluation of around one million dollars.

B. After the building was torn down for a new building, the property value for taxes went to five million, so the property must have been some eyesore. The city got rid of it, and the property owners or developer paid for that.

C. The city did not pay for any portion of the building construction; the property owners did. The property now provides a property tax base of around thirty million dollars. The city has increased its tax base thirty-fold in return for no taxes *on the improvements* for ten years and the LID. No taxes were lost, especially after declaring the land value to be five million dollars or several times its original value.

D. One of the goals of the city is to create a positive impact on the local economy of the downtown area. 61 units of interested property owners do this. For example, the petitioners support all three museums and never did before. Other goals of the city were to attract more people to the downtown area and general beautification of the city. These goals were also met exceedingly well, at the expense of the 505 property owners, who paid for all of the property improvements and are willing to pay at least a reasonable amount on the LID.

Petitioners wish to make the point that the city has already benefitted greatly from 505 Broadway without inordinately increasing the LID assessment.

#### **8. FACTS:**

A. The LID improvements were completed in the 2008-11 time frame and costs determined: \$181,150.30 for 505 Broadway.

B. The city council met in 2016 and did a "special benefit study" and increased this amount to \$433,764.00 due to "different appraisal systems."

C. The assessment was increased in a commensurate amount.

D. The property owners will pay an assessment of around \$450,000.00 on a properly-dated, realistic value of \$181,150.30 due to some kind of concocted value of \$433,764.00 made years later due to a "special study."

E. No notice was provided to the petitioners as to how and why the appraisal methods were changed.

#### **9. GROUNDS FOR OBJECTION:**

A. Prior representation: When the LID construction was completed 2008-11, property owners were advised of what their assessments would be but were put off on paying them. At least five years later the assessment was doubled. See enclosure (1).

B. Unfair delay of assessment: Throughout the City of Tacoma instructions for LIDs, there are time restrictions for the property owners - 10 days to appeal, 30 days to file suit, etc. Yet the city took 5-7 years to set the assessment.

C. During that time the city changes the manner of appraisal, again unfair. This is at best a gross mishandling of the LID procedures.

D. Unfair appraisal: When the appraisal for increases of value to the property are made 5-7 years after the fact, there is a strong suspicion that the appraisal was affected by an increase in value due to time and property improvements. See paragraph 6.

E. The 2016 special benefit study was made retrospectively to the 2008-11 LID improvements. The city cannot come along years later and change the method of appraisal and amount of assessment. Neither did they provide any notice of this reevaluation.

F. Unfair subsidy: LID 4645 includes St. Helen's Ave from 7th St. to 9th St. The assessment covers all of LID 4645. The property owners on Broadway pay the assessment. The street in front of the city building is improved. The property owners receive no benefit from the St. Helen's improvement, and the city gets part of its improvements paid by the homeowners.

G. Lack of proportionality: The assessment of one property owner has to be proportional to the assessment of the next property owner. If the appraisal is disproportionate, the assessment is, too.

H. Unjust enrichment: The city has overreached itself in several ways:


(a) Increasing the land value of 505 Broadway over five times to \$5,000,000.00 to collect more real estate taxes and thereby breach the contract with the developer.

(b) Subsidizing the improvements on St. Helen's street in front of the City Building on the backs of the property owners on Broadway.

(c) Doubling the amount of the assessment 5-7 years after the fact, using what appears to be underhanded methods (without notice, using different methods of appraisal, delay, holding off payment, etc.)

9. **SUMMARY**: Petitioners are willing to pay their LID assessment, but ask that the increased amount decided 5-7 years later be set aside and the assessment be evaluated as originally estimated and expected. Petitioners are relying on the city's guidelines, prior representations, Washington law, and a sense of fairness from the City Council and Hearings Examiner.

  
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William A. Abbott

  
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Helen M. Abbott

# 305 Broadway Condominiums

## Breakdown of the Estimated Assessments

Unit Number	Estimated Assessments
UNIT 301	\$2,764.19
UNIT 303	\$3,945.19
UNIT 305	\$3,820.87
UNIT 307	\$3,924.47
UNIT 309	\$2,474.12
UNIT 400	\$5,851.36
UNIT 401	\$3,344.33
UNIT 403	\$3,945.19
UNIT 405	\$3,820.87
UNIT 407	\$3,841.59
UNIT 408	\$2,702.03
UNIT 409	\$2,888.50
UNIT 410	\$3,820.87
UNIT 500	\$3,800.15
UNIT 501	\$3,862.31
UNIT 502	\$2,743.47
UNIT 503	\$3,675.84
UNIT 504	\$2,805.63
UNIT 505	\$3,986.62
UNIT 506	\$2,888.50
UNIT 507	\$3,592.96
UNIT 508	\$2,888.50
UNIT 509	\$2,992.10
UNIT 510	\$2,992.10

Unit Number	Estimated Assessments
UNIT 600	\$3,800.15
UNIT 601	\$3,862.31
UNIT 602	\$2,743.47
UNIT 603	\$3,675.84
UNIT 604	\$2,805.63
UNIT 605	\$3,986.62
UNIT 606	\$2,888.50
UNIT 607	\$3,592.96
UNIT 608	\$2,888.50
UNIT 609	\$2,992.10
UNIT 610	\$2,992.10
UNIT 700	\$3,800.15
UNIT 701	\$3,862.31
UNIT 702	\$2,743.47
UNIT 703	\$3,675.84
UNIT 704	\$2,805.63
UNIT 705	\$3,986.62
UNIT 706	\$2,888.50
UNIT 707	\$3,592.96
UNIT 708	\$2,888.50
UNIT 709	\$2,992.10
UNIT 710	\$2,992.10
UNIT 800	\$3,116.42
UNIT 801	\$6,162.14

Unit Number	Estimated Assessments
UNIT 802	\$2,743.47
UNIT 804	\$2,805.63
UNIT 805	\$6,535.09
UNIT 806	\$2,888.50
UNIT 808	\$2,888.50
UNIT 809	\$5,209.06
UNIT 810	\$2,992.10
UNIT 900	\$3,116.42
UNIT 901	\$5,664.88
UNIT 902	\$2,743.47
UNIT 904	\$2,805.63
UNIT 906	\$2,888.50
UNIT 908	\$2,888.50
UNIT 909	\$5,209.06
UNIT 910	\$2,992.10



ENCL (1)

Larry L Strege  
Management Valuation Systems LLC

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505 Broadway #600  
Tacoma, WA 98402  
Phone 253.572.9972  
LStrege@mrktusa.com

#### QUALIFICATIONS

LARRY L STREGE, MA/ABS GAA

#### EXPERIENCE

Mr. Strege is currently an owner of Management Valuation Systems, LLC, a full service real estate appraisal company, and CEO of VOL America, Inc., a realty information and valuation company established in 1994. He is a practicing General Real Estate Appraiser. His service as an independent fee appraiser and consultant commenced in late 1976 and includes review work across the United States as well as direct hands on appraisal in the states of Alaska, Oregon and Washington. His consulting to banks and their business customers has been centered in valuation solution of commercial commerce and property concerns. He has previously served as a college instructor in appraisal. He was also a licensed Real Estate Broker in the State of Washington from 1971 to 1983.

As Director of Regional Finance, Mr. Strege served Evans Products Company in the eight western states for its national home building division, "Capp Homes." He coordinated and directed meetings, workshops, and finance seminars across the country, in order to finance and fund this division of Evans. In May of 1976, while acting in this capacity, he provided the corporate management of Evans Products with a negotiated warranty/guaranty agreement through Bank of America, World Headquarters. This served to fund the company's California and Lake Tahoe, Nevada regional operations with interim construction loans which lessened the financial burden of the line of credit for the parent company by an 83% margin over the previous mortgage funding requirements.

In late 1972, Mr. Strege was appointed as Real Estate Manager, and Aide to the Special Representative of Federal Savings and Loan Insurance Corporation (FSLIC), as receiver for Northwest Guaranty Savings and Loan Association, and former Chief Examiner, Federal Home Loan Board District 13. In the process of asset liquidation, many unique realty problems were encountered, which resulted in litigation. Many of these assets were condominiums that were built at a time when very little market for them existed. Due to sound management efforts, Northwest Guaranty Depositors of Record, as well as FSLIC, were returned their respective investments, plus interest.

#### COURT EXPERIENCE AND EXPERT TESTIMONY

Federal Court depositions of testimony concerning assets of Northwest Guaranty Savings and Loan Association (U.S. District Court via the Federal Grand Jury Indictments against conspirators of the federally insured savings depositors)

Expert Witness, Superior Court of Washington, King County  
Expert Witness, Superior Court of Washington, Pierce County

Expert Witness for the appellant, *Beautiful Bellevue Assoc. v. Puget Sound Power and Light Co.* (Hearing Examiner, City of Bellevue)

## **EDUCATION**

Bastyr University/LIOS School of Applied Behavioral Science. MA/ABS. Dual track in Organizational Development & Systems Theory Application, 2002-2005  
LaSalle Extension University - *Business Management*- 1965-1966  
University of Washington - *Arts and Sciences*- 1960-1962  
Highline Community College - *Chemical Dependency Counseling* - 1994-2002  
Washington Real Estate Education Foundation - *G.R.I. Courses 100, 200, 300*  
American Institute of Real Estate Appraisers - *Courses 1A, Course 8*  
Highline Community College - *Income Appraisal, I.F.A. Course 2*  
Society of Real Estate Appraisers, Appraisal Institute, FNMA, M.B.A. *seminars in appraisal, finance, and federal guidelines and standards (FIRREA/USPAP)*

## **PROFESSIONAL LICENSES, CERTIFICATIONS, AND DESIGNATIONS**

Certified Real Estate Appraiser - General, Washington State  
Certified Instructor of Real Estate Appraisal, Washington State (1993, 1994)  
Real Estate Broker, Washington State (formerly held)  
Securities License, Washington State (formerly held)  
General Accredited Appraiser (G.A.A.) Designation, 12/94  
Graduate Realtor Institute (G.R.I.) Designation, eligible

## **PROFESSIONAL AFFILIATIONS**

Past Candidate-Member, Society of Real Estate Appraisers, Chapter 20, Seattle  
Past Candidate-Member Appraisal Institute, Seattle  
Associate Member, Northwest Multiple Listing Association  
Past Associate Member-Master Home Builders Association  
Past Associate Member, Tacoma-Pierce County Multiple Listing Association  
National Association of Realtors (NAR), Appraiser Section  
ACOW-Appraiser Collation of Washington

## **TYPE OF PROPERTY APPRAISED**

Raw Land - lots -- acreage, including forest land  
Vacant Land to be developed (subdivision)  
Single Family Residential  
Multi-Family Residential  
Small Office Buildings/Commercial  
Condominiums (individual units and development projects)  
Industrial

## **TYPICAL CLIENTELE**

Multiple Alaska, Oregon, and Washington banks, including mortgage lending institutions:  
Department of Veteran's Affairs  
City of Kent  
US Bank  
State of Washington  
Bank of America  
Valley Bank  
Sterling Savings Bank  
West Coast Bank  
Viking Bank  
Chase Manhattan Bank  
Federal National Mortgage Association  
Residential Funding Corp

State Certification Number-General: 27011 1100561; Expiration: 10/03/2017