



King County

Department of Assessments

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Lloyd Hara
Assessor

MEMORANDUM

June 30th, 2014

To: Puget Sound Energy

From: Lloyd Hara, King County Assessor

Subj: PSE Energize Eastside Project

In valuing residential real estate, the Assessor's Office follows the uniformity of appraisals methods and procedures set by the Washington State Legislature and enforced by the [Washington Department of Revenue](#). The Assessor's Office uses multiple years of time trended market sales during the assessment process.

Although all three approaches to value (**cost, income and market**) are reviewed, the market approach to value is most effective in residential valuation. All values are reviewed each year with the law requiring 1/6th of properties physically inspected each year. This is when the appraisers are in the neighborhoods confirming the Assessor's records are as accurate as possible. For the subsequent 5 years, values are statistically adjusted.

State law requires the Assessor value land as though vacant and ready for development at its highest and best use. Using vacant land sales, tear downs and other recognized appraisal methods land is valued. If sales in the immediate area are unavailable, sales in a surrounding area with similar neighborhood characteristics are utilized. When valuing land consideration is given to views, waterfront, wetlands, topography, power lines, traffic and other external impacts to value and use. A land value is determined. Property owners can review the characteristic using eReal Property Search on our website at www.kingcounty.gov/assessor

Generally, either land is purchased vacant and ready for development or an improved property is purchased. After land valuation, the Assessor values the *total* improved property using market sales trended for time to January 1. As with land, the characteristics of improved properties that affect market value are closely analyzed. Some characteristics that are reviewed are size, age, condition, building quality and other pertinent characteristics. A total value is determined once the *selected land*

value is subtracted from the *total value*, what remains is the value of factors other than land that contributes to the property's value.

How will the Energize Eastside project affect property values? Does the tax assessor discount the values of properties with PSE easements?

At this stage, the King County Department of Assessments cannot determine if PSE's Energize Eastside Project will have an effect on assessed property values until after the project is constructed and the market reflects the experience. Properties with existing easements are not treated uniformly and valuation increase or decrease might vary depending on the property.

Sincerely,

A handwritten signature in black ink, appearing to read "Lloyd Hara". The signature is stylized with a large, sweeping initial "L" and "H".

Lloyd Hara
King County Assessor