

ASSESSOR'S

EVIDENCE

Washoe County Board of Equalization
Appeal Summary Page - Secured Roll

Hearing # 23-0045
Hearing Date 2/22/2023
Tax Year 2023

APN: 150-012-08
Owner of Record: GARDEN COURT INVESTMENT COMPANY LLC
Property Address: 3980 LAKE PLACID DR
Property Type: CONVALESCENT HOSPITAL 100%
Gross Building Area: 26,650
Year Built: 2018
Parcel Size: 2.96 AC

Description / Location: The subject is a 26,650sf neuro-rehabilitation hospital on 2.96 acres. It currently contains twenty-four beds with twelve additional beds soon to open, totaling 36 beds. The subject is located on Lake Placid Dr. in Reno, just north of the Mt. Rose Hwy. and Thomas Creek Rd. intersection.

2023/24 Taxable Value:	Land:	\$1,547,244
	Improvements:	\$8,589,741
	Total:	\$10,136,985
	Taxable Value / SF:	\$380

Sales Comparison Approach:	Indicated Value:	\$12,550,000
	Indicated Value SF:	\$471

Income Approach	Indicated Value:	\$10,553,000
	Indicated Value SF:	\$396

Conclusions: Recommend upholding the taxable value. Based on the analysis herein, the taxable value of this property does not exceed market value.

RECOMMENDATION: Uphold **XX** Reduce



150-012-08 06/07/2022

Prepared By: Steven Wood, Appraiser

Reviewed By: Jane Tung, Senior Appraiser

ASSESSOR'S EXHIBIT I
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WASHOE COUNTY BOARD OF EQUALIZATION

COMMERCIAL / INDUSTRIAL

LAND:	TAXABLE VALUE	\$1,547,244
IMPROVEMENTS:		\$8,589,741
TOTAL:		\$10,136,985

ASSESSED VALUE	\$541,535
TAXABLE \$/SF GBA	\$380.37
TAXABLE \$/SF Land	\$12.00

HEARING:	23-0045
DATE:	2/22/2023
TAX YEAR:	2023

OWNER: GARDEN COURT INVESTMENT COMPANY LLC

SUBJECT

BLDG#	APN	Location (Occupancy)	Use %	Total GBA (GBA)	Construction Type Exterior Walls	QC	Finish Area; Units; GBA/Unit	Age(WAY) Height	Land (SF) %Coverage Zoning	Sale Price Sale Date	Sale Price/GBA	EGI GIM OER	NOI OAR
1	150-012-08	3980 LAKE PLACID DR	100% CONVALESCENT HOSPITAL	26,650 (GBA post 2022 addition)	STUD WALLS - STUCCO	C30	26,650 36 740	2018 10	128,938 0.21 GC				

IMPROVED SALES

IS-1	150-012-08	3980 LAKE PLACID DR	100% CONVALESCENT HOSPITAL	20,083* (GBA when sold in 2019)	STUD WALLS - STUCCO	C30	26,650 36 740	2018 10	128,938 21% GC	\$12,550,000 12/27/2019	\$625* (\$/sf when sold in 2019)		
IS-2	162-010-26	15 MCCABE DR	100% MEDICAL OFFICE	21,504	MASONRY BRNG WALLS	C30	21,504	2004 11	71,438 25% PD	\$8,350,000 3/11/2022	\$388		
IS-3	212-161-01	6225 SHARLANDS AVE	100% CONVALESCENT HOSPITAL	77,545	STUD WALLS- MASONRY VENEER	C30	77,545 85 912	2017 10	209,959 37% MF14	\$25,000,000 11/2/2022	\$322		

LAND SALES

Sale #	APN	Location	Sale Date	Sale Price	Size(ac)	\$/sf	\$/ac	Zoning	Comments
LS-1	040-162-82	5431 KIETZKE LN	7/13/2021	\$1,300,000	2.35	\$13	\$553,191	SPD	Flat/rectangular. Inferior location/access
LS-2	163-020-19	0 DOUBLE DIAMOND PKWY	5/18/2022	\$1,849,786	2.73	\$16	\$677,577	PD	Superior location. Inferior shape-irregular. Similar access.
LS-3	140-213-47	0 STEAMBOAT PKWY	12/21/2020	\$1,969,000	2.26	\$20	\$871,239	PD	Superior location. Inferior access. Similar size.

COMMENTS:
Given the limited sales information of specialized rehabilitation hospitals such as the subject, additional comparable properties are selected for physical similarities to the subject.

IS-1 is the sale of the subject property. IS-1 is a quality class C30 (good) and was built in 2018. At the time of the sale the gross building area was 20,083sf; however, a 6,567sf addition was later completed in 2022. IS-1 sold at the original gross building area on 12/27/2019 for \$12,550,000 or \$625/sf.

IS-2 is located at 15 McCabe Dr., Reno. More specifically, it is located on the northern corner of McCabe Dr. and S. Virginia St. IS-2 is superior to the subject in location but inferior in building and land size, and age. IS-2 and the subject are similar in access.

IS-3 is located on Sharlands Ave. in Reno. More specifically, it is located north along Interstate 80 W, and a short distance east of the Robb Dr. off-ramp. IS-3 is superior to the subject in location and access because of its proximity to a busy freeway and freeway off-ramp. It is also superior to the subject in building and land size, and bed count; however, it is similar to the subject in age. Originally, IS-3 functioned as a skilled nursing facility, but it sold on 11/2/2022 for \$25,000,000 or \$322/sf and is in current transformation into a partial hospital and partial psychiatric facility according to representatives of the buyer.

LS-1 is a 2.35-acre vacant parcel located at 5431 Kietzke Ln. More specifically, it is located just southwest of the Del Monte Ln. and Kietzke Ln. roundabout. LS-1 is inferior in location and access because it is situated to the west of adjacent businesses causing it to sit back from primary roads and requiring access through the parking lots of those adjacent businesses. LS-1 and the subject are similar in size. LS-1 sold on 7/13/2021 for \$1,300,000 or \$13/sf. An upward adjustment to LS-1's sale price is warranted to reflect the inferior location and access.

LS-2 is a 2.73-acre vacant parcel located on Double Diamond Pkwy. More specifically, it is located just to the east of Double Diamond Pkwy. and northwest of the Double Diamond Pkwy. and South Meadows Pkwy. intersection. LS-2 is located behind the South Reno Athletic Club who were also the previous owners. LS-2 is superior to the subject in location because of the high amount of traffic and the number of surrounding commercial/industrial properties in the area. LS-2 is inferior to the subject in shape, but they are similar in size and access. LS-2 sold on 5/18/2022 for \$1,849,786 or \$16/sf. A downward adjustment is warranted to LS-2's sale price to reflect the superior location; however, an upward adjustment is warranted to reflect the inferior shape.

LS-3 is a 2.26-acre vacant parcel located on Steamboat Pkwy. in the Damonte Ranch Town Center shopping center, which consists of RC Willey and Home Depot. LS-3 is superior to the subject in location but inferior in access. LS-3 and the subject are similar in size. LS-3 sold on 12/21/2020 for \$1,969,000 or \$20/sf. A grading permit issued on 11/8/2022 indicates future plans for a new 10,500sf Northern Nevada Medical facility. A downward adjustment is warranted to LS-3's sale price to reflect the superior location; however, an upward adjustment is warranted to reflect the inferior access.

In conclusion, the properties are overall considered similar; however, most of the weight is given to IS-1, which is the sale of the subject. Its value of \$625/sf at the time of the 2019 sale more than supports the current taxable value of \$380/sf.

WASHOE COUNTY BOARD OF EQUALIZATION

COMMERCIAL / INDUSTRIAL

	TAXABLE VALUE	ASSESSED VALUE
LAND:	\$1,547,244	\$541,535
IMPROVEMENTS:	\$8,589,741	\$3,006,409
TOTAL:	\$10,136,985	\$3,547,945

TAXABLE	HEARING: <u>23-0045</u>
\$/SF GBA	DATE: <u>2/22/2023</u>
\$380.37	
	TAX YEAR: <u>2023</u>

APN: 150-012-08
OWNER: GARDEN COURT INVESTMENT COMPANY LLC

TAXABLE
\$/SF Land
 \$12.00

Income Approach

Potential Gross Income	26,650 sq ft. @	\$2.75 /mo =	\$73,288	
	sq ft. @	/mo =	\$0	
	sq ft. @	/mo =	\$0	
			<u>\$73,288</u>	
	x 12 months =		<u>12</u>	\$879,450
- Vacancy & Collection loss		20%	<u>\$175,890</u>	
= Effective Gross Income			\$703,560	
- Operating Expenses		10%	<u>\$70,356.00</u>	
= Net Operating Income			\$633,204	
Divided by Overall Capitalization Rate		6.00%		
			\$10,553,400	
		Rounded		\$396 /sf GBA

Subject Income Information: Subject submitted an income expense statement in 1/2020 reporting that it receives \$3.32/SF/MO rent with additional \$6,432.50 monthly fees in Common Area Maintenance (CAM) reimbursement. The expense items reported were insurance and real estate taxes which account for approximately 10% of the rent income.

Potential Gross Income: Due to the subject's unique nature as the specialized rehabilitation hospital, data of comparable hospitals are not available. General medical office market rents and the rent reported on the subject were reviewed to determine the potential income. See the Local Rent Chart for the rents surveyed. Given to the subject is a specialized hospital, it is expected to command a higher than typical medical office rent rate. The subject's reported rent is consistent with the expectation. Therefore, a rent rate of \$2.75/SF/MO was estimated.

Effective Gross Income: Similarly data comparable vacancy and operating expense rates are not available. General medical office market data and data from the subject were reviewed. The subject property is currently 100% occupied by NeuroRestorative. Local medical office buildings of similar or larger size show a median vacancy rate of 23%, with the south Reno area having a lower vacancy rate at just 15%. A 20% vacancy rate was deemed appropriate for this analysis.

Net Operating Income: Based on the reported expense from the subject in 2020, the expense rate on the subject was about 10%. Due to lack of comparable data, 10% expense rate was used for analysis.

Capitalization Rate Analysis: Subject sold in 12/2019 for \$12,550,000 at 5.77% cap rate. The local cap rates surveyed show a range of 5.20% to 6.50% with the median of 5.80%. Giving more weight to the subject data, a cap rate of 6% was applied.

Indicated Value Income Approach: The value indicated by the income analysis above is \$ 10,553,000 rounded, or \$396/SF.

Comments: The indicated value at \$ 396/SF supports the total taxable value of the subject of \$380.37/SF.

Local Cap Rate Chart

	Parcel	Address	Occupancy	Year Built	GBA (SF)	Sale Date	Sale Price	Cap Rate
1	150-012-08	3980 Lake Placid Dr (subject)	Convalesent Hospital	2018	26,650	12/27/2019	\$12,550,000	5.77%
2	162-010-26	15 McCabe Dr	Medical Office	2004	21,504	3/11/2022	\$82,350,000	5.20%
3	163-020-17	9480 Double Diamond Pkwy	Medical Office	2004	32,630	12/28/2021	\$14,025,000	5.82%
4	040-972-25	5575 Kietzke Ln	Medical Office/Office	2005	8,316	6/1/2020	\$3,120,000	6.50%
							Median	5.80%

Note: A cap rate of 6% selected based on the data above giving the most weight to the subject.

Local Rent Rate Chart

	Parcel	Address	Occupancy	GBA (SF)	Date/Term	Rent rate/SF/	Comments
1	150-012-08	3980 Lake Placid Dr (subject)	NeuroRestorative Hospital	26,650	2018/FS	\$3.32	Plus CAM \$0.32/SF. NOI \$723,990 in 2020.
2	162-010-26	15 McCabeDr	Medical Office	21,504	2022/NNN	\$2.09	Asking rent.
3	163-020-17	9480 Double Diamond Pkwy	Medical Office	32,630	Unknown/NNN	\$2.19	Derived from NOI reported \$816,000 with 5% expense rate.
4	007-256-09	236 W 6th St	St Mary's Medical Plaza	38,456	2023/FS	\$2.00	Asking rent. The \$2 rate is for 9,502 SF. Smaller ste rent for \$2.15.
5	012-143-61	890 Mill St	Medical Office	25,488	2023/FS	\$2.10	Asking rent.
6	007-202-24	343 Elm St	Medical Office	73,015	2023/Unknown	\$2.30	Asking rent. TI allowance may be available and expenses like utilities, building services, and property expenses may not be included per listing.
7	040-880-02	6630 S McCarran Blvd	Quail Medical Park	19,641	2023/MG	\$2.15	3,280 SF for rent.
9	160-040-16	10085 Double R Blvd	Medical Office	66,085	2021/NNN	\$1.75	2,508 SF for rent.
					Median	\$2.13	

Note: A rent rate of \$ 2.75 is used giving most weight to the subject with consideration of its specialized use

Local Vacancy Rate Chart

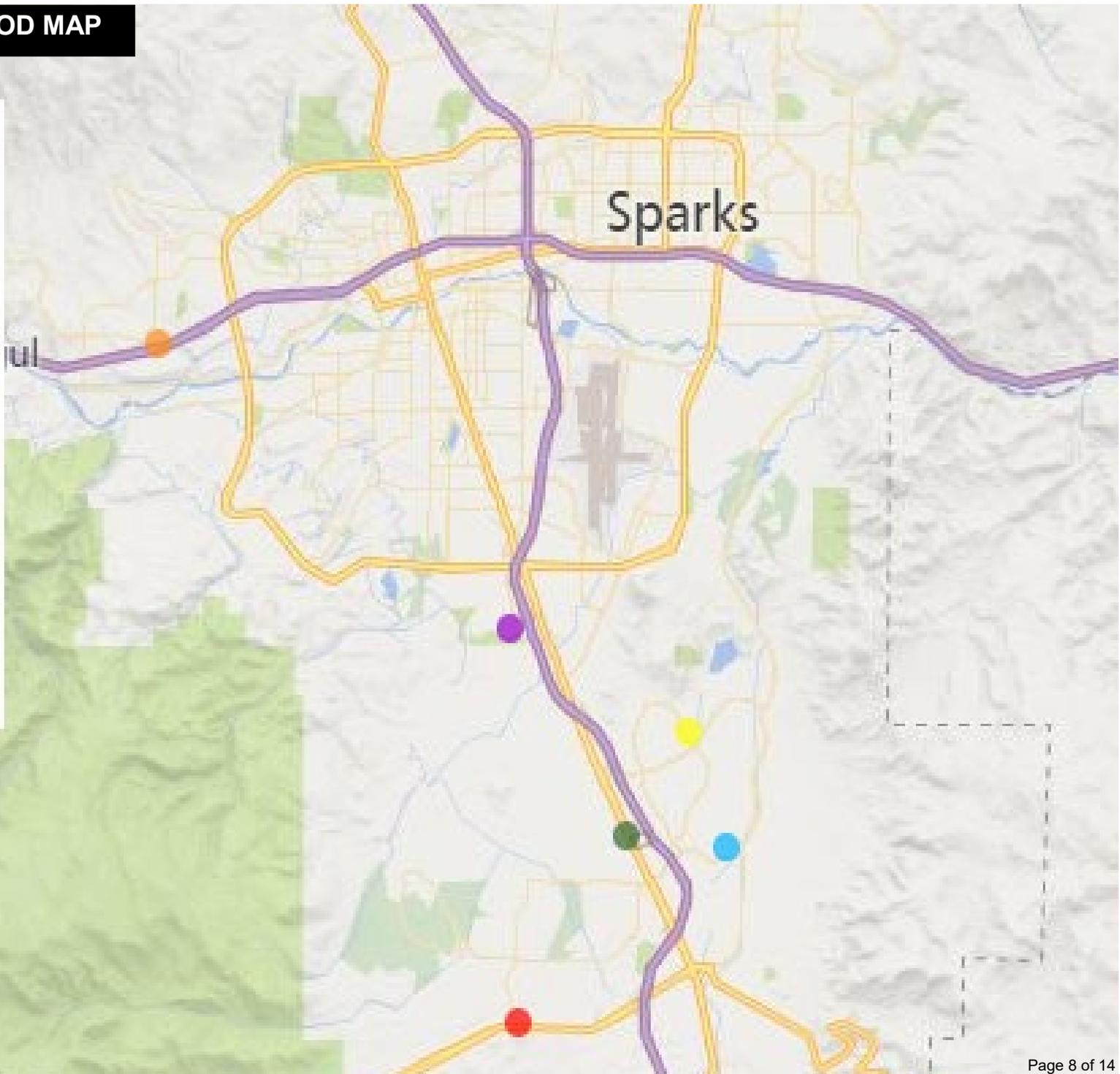
	APN	Address	Occupancy	Built Yr	GBA (SF)	Vacancy	Comments
1	007-256-09	236 W 6th St	St Mary's Medical Plaza	1981	38,456	34%	
2	007-202-24	343 Elm St	Medical Office	1991	73,015	43%	
3	012-143-61	890 Mill St	Medical Office	1963	25,488	11%	
4	025-631-03	6940 Sierra Center Pkwy	Reno Behavioral Hospital	2017	80,970	20%	Per interview with on site director.
5	040-880-02	6630 S McCarran Blvd	Quail Medical Park	1997	19,641	26%	
6	160-040-16	10085 Double R Blvd	Medical Office	2004	66,085	0%	
					Median	23%	All
					Median	15%	South Reno

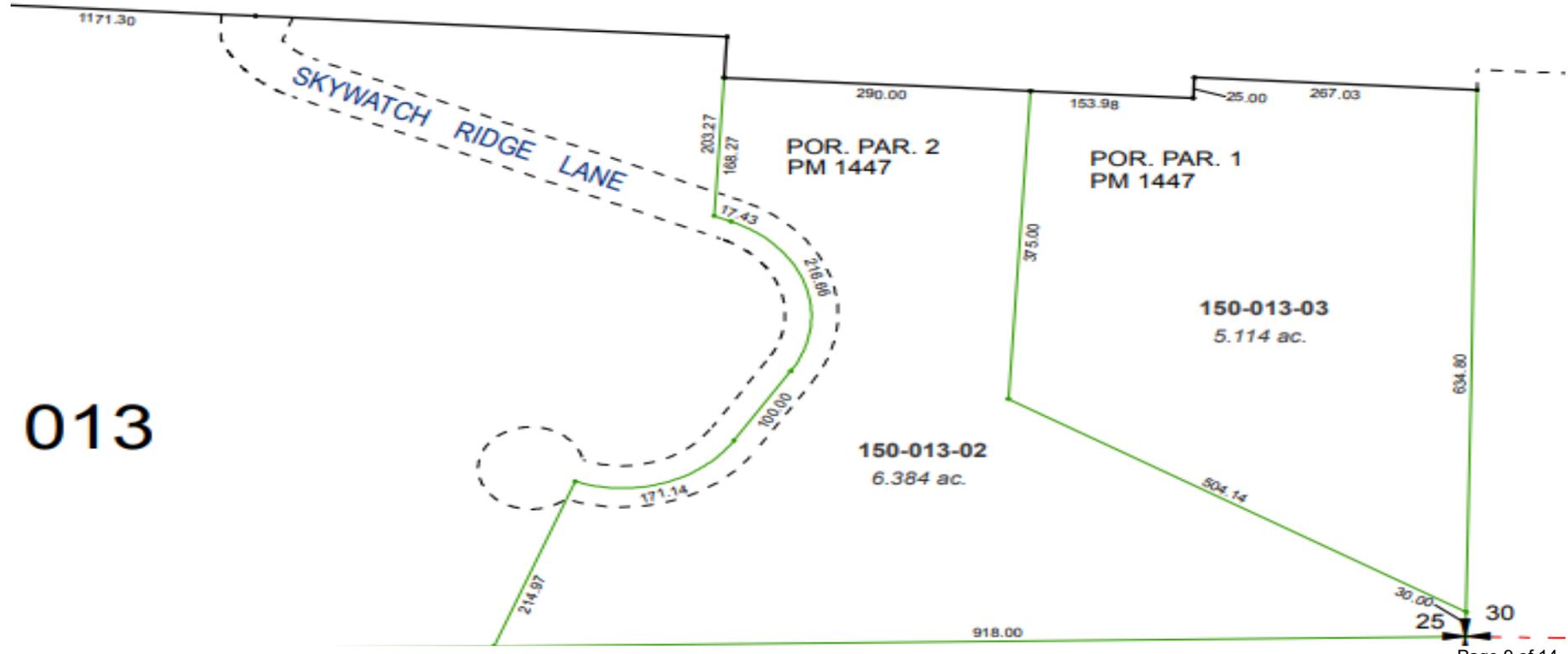
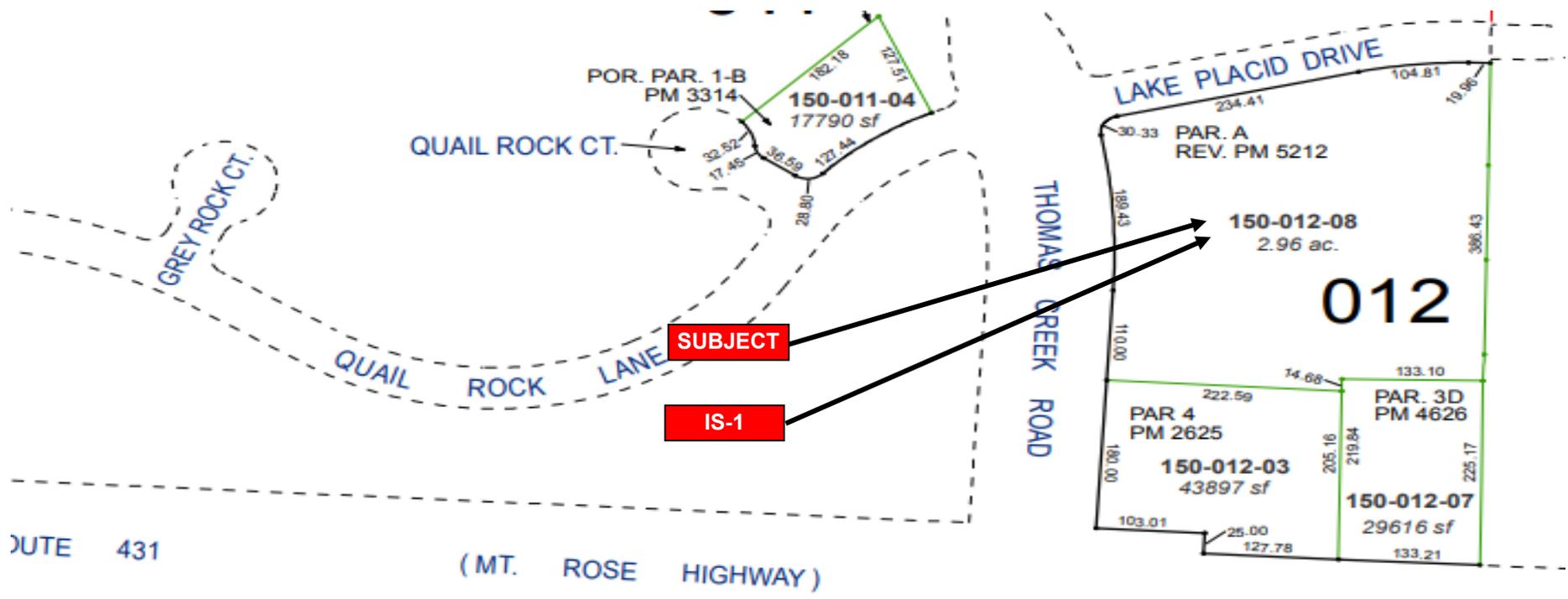
Note: A vacancy rate of 20% is estimated giving more weight to data from South Reno where the subject is located.

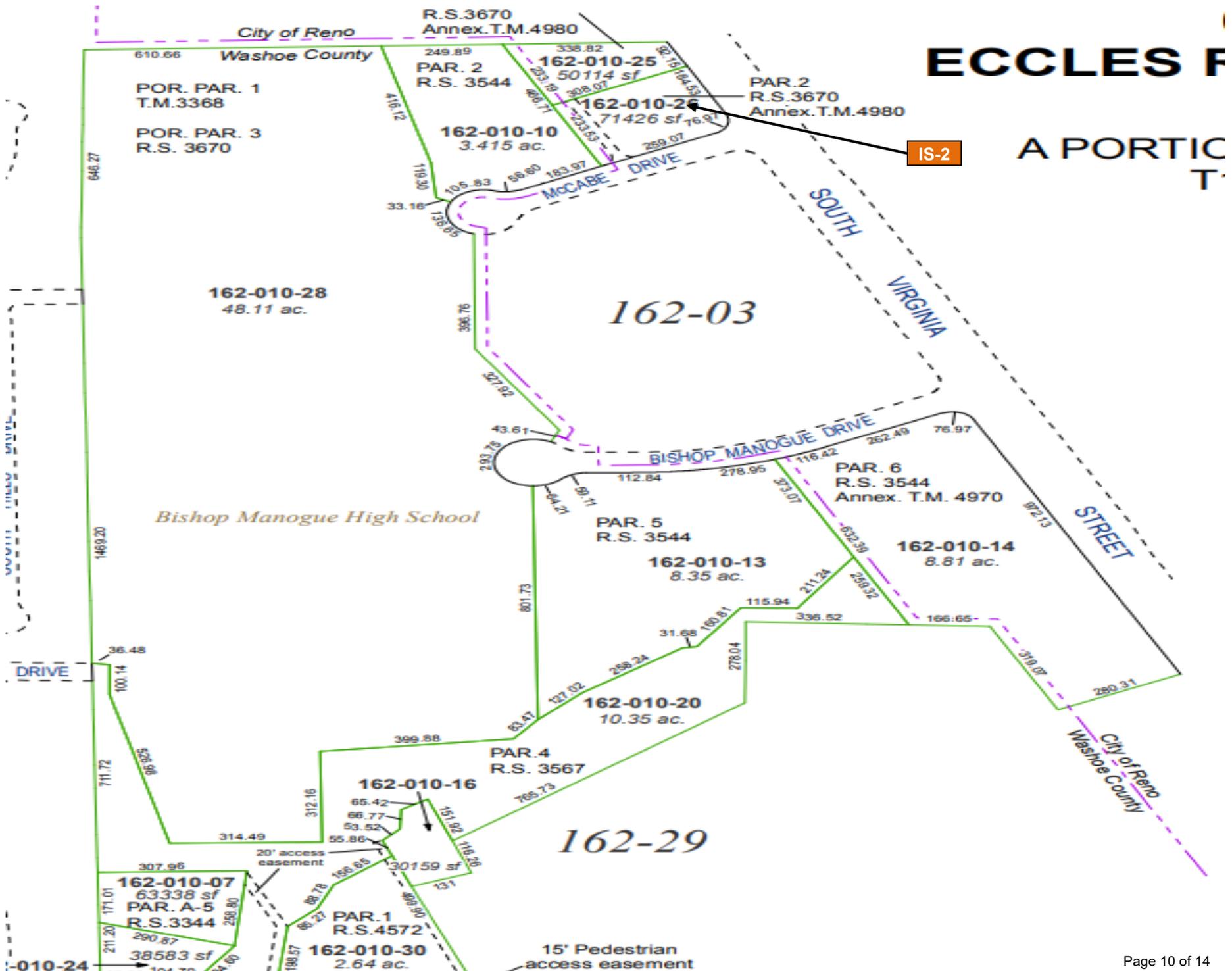
NEIGHBORHOOD MAP

Legend

- Subject
- IS-1
- IS-2
- IS-3
- LS-1
- LS-2
- LS-3







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A PORTIC
T

WALNUT CREEK ROAD

BACKER WAY

7 8
18 17

POR. PAR. 1
P.M. 5211
R.S. 6268

PAR. 2A
P.M. 5508

PAR. 2B
P.M. 5508

161

212-161-01
4.822 ac.

212-161-02
2.679 ac.

212-161-03
3.983 ac.

PRIVATE ACCESS, PARKING,
EMERGENCY VEHICLE,
& PUBLIC UTILITY EASEMENT

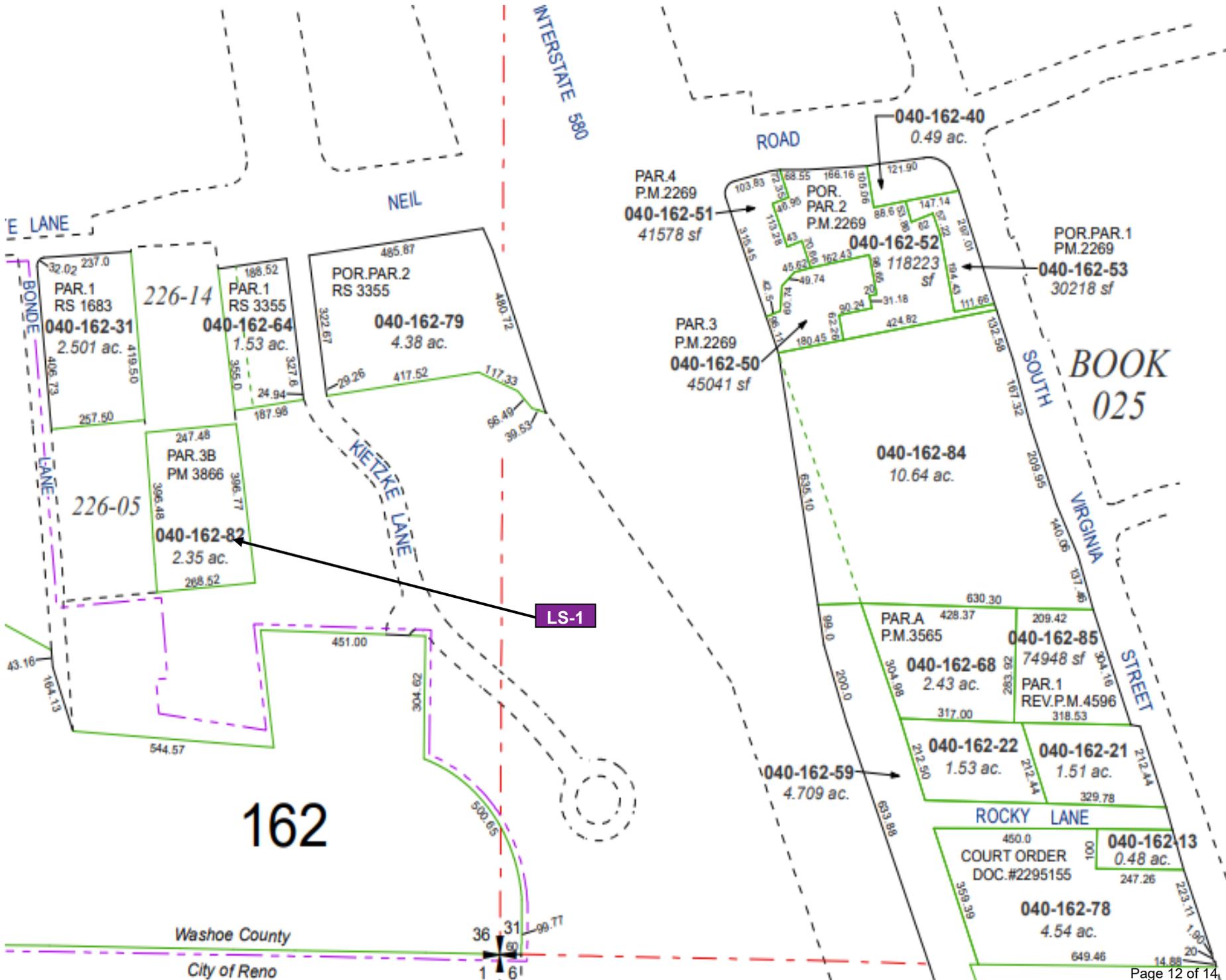
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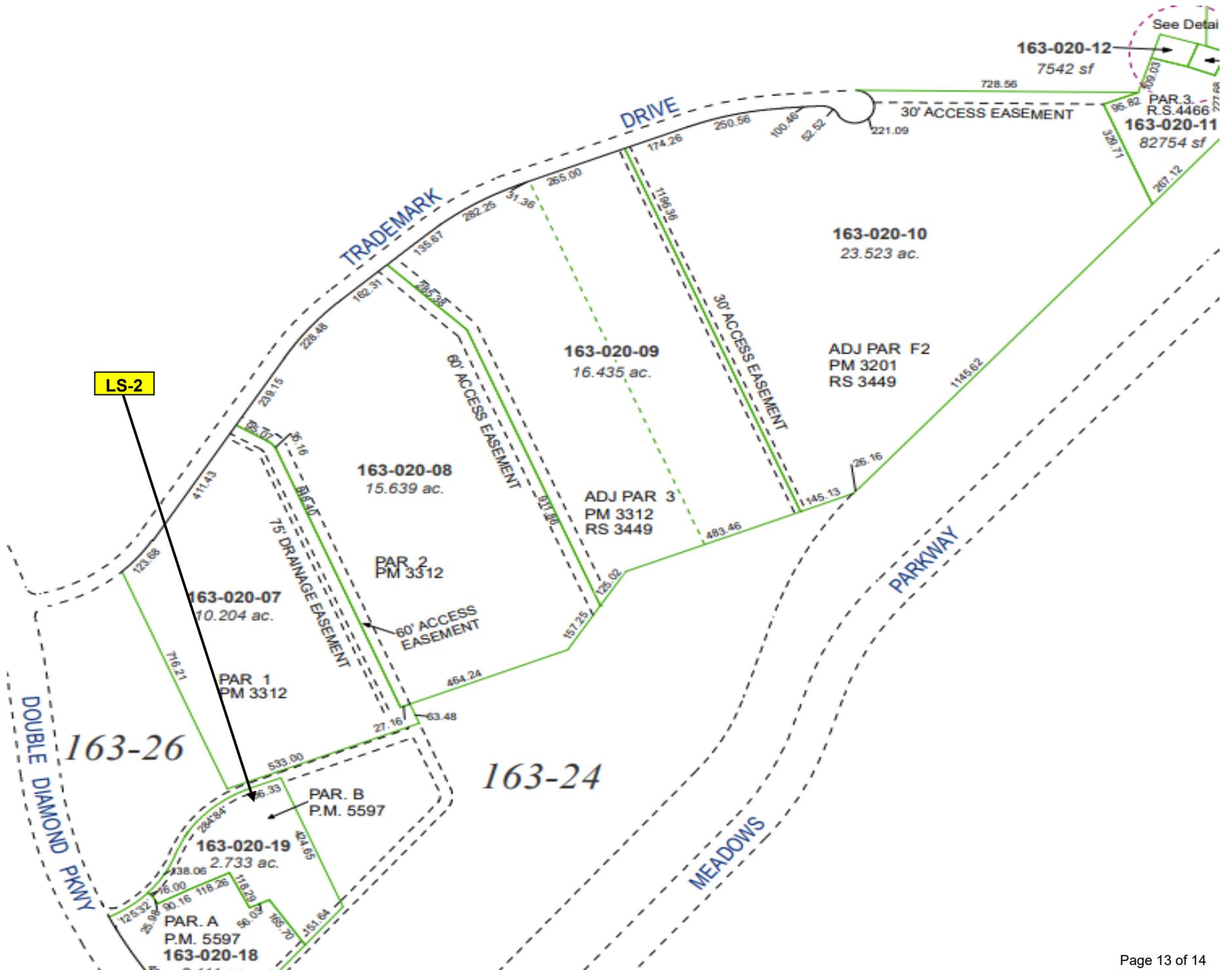
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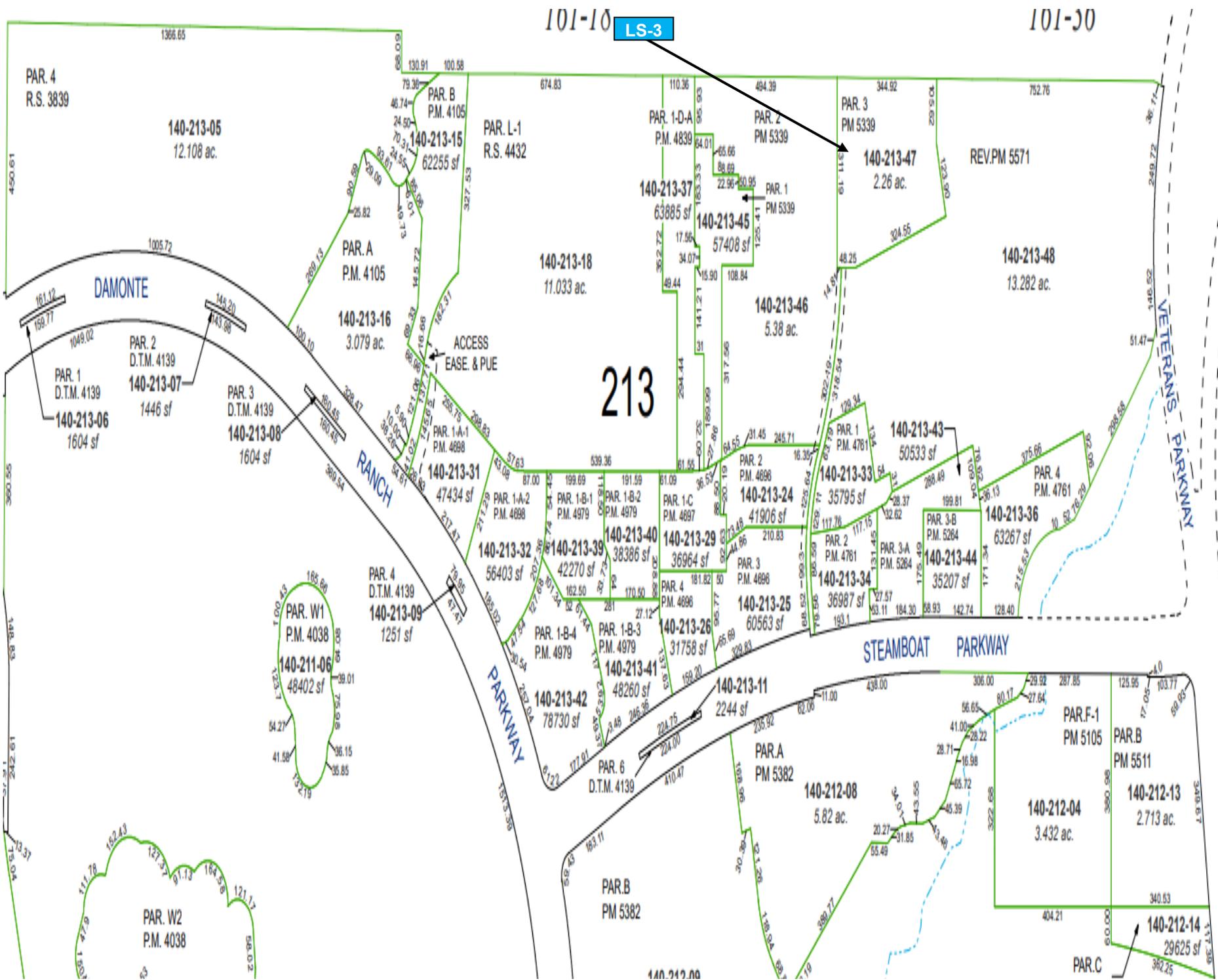
IS-3

80

INTERSTATE







101-10 **LS-3**

101-20

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