

**A FEW THOUGHTS ABOUT
VALUING ENTRY FEE
CONTINUING CARE RETIREMENT CENTERS
FOR *AD VALOREM* PURPOSES**

Components

- Independent living
- Assisted living
- Skilled nursing
- Hospice

- Entry fee
 - Non refundable
 - Partially refundable
 - Fully refundable

 - Interest bearing
 - Non-interest bearing

- Strong health care service component

- A business

Services

- Food/restaurant
- Recreation
- Social
- Transportation
- On site nursing

- Highest and best use
- Extraction of business/intangible value
- “Leased fee” issue: entry fee structure

- First generation entry fee facility
 - Developer benefits
 - Non interest bearing
 - Unsecured
 - No personal guarantee
- Second generation and subsequent generation
 - Developer obliged to refund?

- Impact of refund obligation on cash flow
- Impact of non-interest bearing status of entry fees
 - a source of imputed income, or irrelevant to valuation?
- Insurance mechanism – long term care

- **A few cases:**
- *Redding Life Care, LLC v. Town of Redding*, 2011 WL 1086928 (2011)
- *Linus Oakes Inc. v. Department of Revenue*, 15 Or. Tax 286 (2000)
- *Polk County v. Department of Revenue*, 14 Or. Tax 577 (1999)
- *The Willows at Westborough v. Board of Assessors of Westborough*, 60 Mass. App. Ct 1121 (2004), cert denied, 441 Mass. 1108 (2004)
- *Willow Valley Manor Inc. v. Lancaster County Board of Assessment*, 810 A.2d 720 (Pa. Comwlth. 2002) appeal denied, 572 Pa 769 (2003)

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