

*PRELIMINARY Recommendation Report
Reuse and Disposal*

Seattle IT - Communication Shop

PMA 92

March 9, 2017

Purpose of Preliminary Report

In response to a City of Seattle Jurisdictional Department identifying a property as “Excess” to their needs, the Real Estate Services (RES) section of the Department of Finance and Administrative Services (FAS) initiates a process to review and evaluate various options for the property. RES prepares a report titled Preliminary Recommendation Report on the Reuse and Disposal of Excess Property, which documents the Department’s analysis and recommendations. This report is prepared in accordance with City of Seattle Council Resolution [29799](#), as modified by Resolution [30862](#).

Executive Recommendation

The property, located at 1933 Minor Avenue, is under the jurisdiction of FAS. As of the date of this report, no current or future municipal use has been identified by the City of Seattle, with the exception of the continued need of Seattle IT Communication Shop (Comm Shop); which can be moved to a location that better suits the needs of its customers. RES recommends that the property be sold at fair market value through a negotiated sale process to the adjoining landowner.

Background Information

The property was purchased by the City of Seattle in 1903 (Ordinance Number 22938) for the use as Fire Station 15. The current structure was built in 1951, which replaced an earlier woodframe fire station on the same site. The site ceased operation as a fire station in 1972 and shortly thereafter became the Comm Shop.

The Comm Shop provides installation, maintenance and related services for wireless communications for city departments and other regional agencies. Radio network maintenance on the shared or common portions of the region wide network are conducted at the site as well. FAS is assisting Seattle IT in relocating to a site that better meets the current and future needs of the Comm Shop.

With the in demand market of South Lake Union/Denny Triangle neighborhoods, it has become increasingly difficult for the Comm Shop users (Fire, Police, Utilities) to navigate through various construction projects. Furthermore, once construction is complete with the surrounding developments, thousands of new residents will reside immediately nearby the Comm Shop, making it further difficult for the those users to be serviced.

Reuse or Disposal Options Evaluation Guidelines

City of Seattle Resolution 29799, Section 1, requires the Executive to make its recommendation for the reuse or disposal of any property that is not needed by a Department using the following guidelines.

Guideline A: Consistency

The analysis should consider the purpose for which the property was originally acquired, funding sources used to acquire the property, terms and conditions of original acquisition, the title or deed conveying the property, or any other contract or instrument by which the City is bound or to which the property is subject, and City, state or federal ordinances, statues and regulations.

Original Funding Sources: General Funds

Purpose for which property was acquired: Fire Station 15.

Deed or contractual restrictions: None.

City, State or Federal Ordinance status and regulations including, Bond, grant or loan programs, State Accountancy Act, Payment of True and full value, Zoning and land use, Comprehensive Plan, and Other plans: State Law requires government organizations to receive fair market value for the disposal of surplus real property. The property is zoned DMC 240/290-400 and lies in the Denny Triangle Urban Center. The property lies in the Downtown market scheduled to be upzoned as part of the new MHA legislation.

Guideline B: Compatibility and Suitability

The recommendation should reflect an assessment of the potential for use of the property in support of adopted Neighborhood Plans; as or in support of low-income housing and/or affordable housing; in support of economic development; for park or open space; in support of Sound Transit Link Light Rail station area development; as or in support of child care facilities; and in support of other priorities reflected in adopted City policies.

Neighborhood Plan: This property is located in the Denny Triangle Urban Center. The existing public plan does not include any specific recommendations for this property.

Housing and Economic Development: See Appendix C, Memo from Office of Housing. Furthermore, the building is 70 years old with limited useful functionality left in it; the building systems are in need of replacement and the structure is nearing the end of its useful life. The building was purpose built to house a fire station, as such its functional use is obsolete to most other uses.

Nearby City owned property: The property is near the new Seattle City Light Denny Substation, Denny Park, and Seattle Police Department's West Precinct.

Other City Uses: In September 2014, an Excess Property Notice for this property was circulated to other Departments to assess interest in continued city use. FAS received notifications from Seattle Public Utilities, Department of Construcion and Inspection,

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Office of Planning and Community Development, Human Services Department and Office of Housing all indicated no interest in the property; Seattle IT although said they had no interest in this property, as the current user the did express a need to relocate the Comm Shop to a different facility, whether that be within existing city owned property or in new leased space.

Range of Options

The “Guiding principles for the Reuse and Disposal of Real Property” state, “it is the intent of the City to strategically utilize Real Property in order to further the City’s goals and to avoid holding properties without an adopted municipal purpose.” The options for disposition of this property include retention by the City for a public purpose, negotiated sale with a motivated purchaser, or sale by public bid or request for proposal.

Transfer of Jurisdiction to other City Department: No other city departments have expressed a desire to have jurisdictional control over the property.

Negotiated Sale: FAS has been working with the adjacent property owner, Crescent Development, for two years to negotiate a sale of the property. FAS commissioned an appraisal of the property which provided a baseline for the negotiated sale price. FAS believes that the negotiated sale price is similar to what would be achieved through a competitive process. Additionally, the proposed purchaser has agreed to allow the city to utilize the property until a replacement site is found; as part of the consideration for the sale the purchaser will pay to the city relocation expenses of the city’s use.

Sale through an open competitive process: A sale through a public competitive bid process may allow the market to determine the optimum price for the property in its current size and configuration.

Guideline C: Other Factors

The recommendation should consider the highest and best use of the property, compatibility of the proposed use with the physical characteristics of the property and with surrounding uses, timing and term of the proposed use, appropriateness of the consideration to be received, unique attributes that make the property hard to replace, potential for consolidation with adjacent public property to accomplish future goals and objectives, conditions in the real estate market, and known environmental factors that may affect the value of the property.

Highest and Best Use: The Highest and Best Use are generally defined as the reasonably probable and legal use that produces the highest property value. The highest and best use is determined by evaluating potential uses as follows:

- ***Physically possible:*** The property is 14,400 square feet and has a 3,788 square foot building.
- ***Legally permissible:*** The property is zoned DMC 240/290-400.
- ***Financially feasible and maximally productive:*** The existing building is functionally obsolescent, the maximally productive use of the property is to demolish the building and develop the property to maximize the zoning.

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Compatibility with the physical characteristics and surrounding uses: The surrounding neighborhood is going through a dramatic change, historically the Denny Triangle has been dominated with vast seas of asphalt parking lots. Since the early 2010's redevelopment has been underway maximizing the zoning of the neighborhood. This has been led by the satiated need for office space to house tech workers; however those tech workers don't sleep under their desks at night, and therefore need a place to call home. As Seattle has seen a gargantuan dearth of housing recently, the immediate surrounding properties have been MUP'd, permitted and constructed as housing.

Appropriateness of the consideration: FAS believes that the negotiated transfer to the adjoining landowner would result in a similar sales prices as if sold through a competitive process. The negotiated sale saves the city real estate broker commissions, while at the same time achieving the same value that a broker would had brought to the City.

Unique Attributes: The building that resides on the property is unique in that it was a fire station for 25 years, as such it has a large garage or apparatus bay. In the time that it's been used as the city's Comm Shop the apparatus bay has been useful to outfit fire engines, ambulances, police cruisers and other city vehicles with radios and communication devices; though as time has moved on the installation of this kind of equipment is being performed elsewhere. The Comm Shop has also installed Faraday cages, concealed radio testing rooms, these can be relocated to a new location.

Potential for Consolidation with adjacent public property: There is no adjoining public property.

Conditions in the real estate market: Property within all of Seattle is in great demand; furthermore, property in the the Denny Triangle/South Lake Union neighborhoods have an even greater demand and can command an extreme price.

Known environmental factors: A Phase I Environmental Site Assessment has been conducted on the property. The following are the recognized environmental concerns: historical use and storage of heating oil on the property; historical use of the building as a fire station, fire stations have historically had their own onsite fueling stations, though FAS has no known records of such use; neighboring historical uses of a machine shop, tire shop, and dry cleaners; and historical gasoline stations on adjoining or nearby properties. The City has provided the Phase I Environmental Site Assessment to the proposed buyer of the property; they are in the process of performing a Phase II Environmental Site Assessment which will provide a more indepth analysis as to any potential contamination on the property.

Guideline D: Sale:

The recommendation should evaluate the potential for selling the property to non-City public entities and to members of the general public.

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Potential for Use by Non-City Public Entities: None.

Potential for Use by the General Public: Though not a direct use by the general public, selling the property to the adjoining landowner will maximize the number of housing units that can be built on the block.

Public Involvement:

In accordance with Resolutions 29799 and 30862, in September 2014, a notice regarding the disposition of this property was sent to all business, residents and property owners within a 1,000 foot radius of the subject property. A total of 433 notices were mailed, re responses were as follows:

- 15 respondents wished to be added to the mailing list to receive additional information regarding the status of the disposition process.
- 6 comment/suggestions for the property.
 - 2 suggestions to turn it into a mixed-use park, an off-leash dog park or a learning center for the p-patch education program. Seattle Parks and Recreation and Department of Neighborhoods has responded that this location is not is not a priority for use as a park or community P-Patch.
 - 2 suggestions that the property be sold for the development of a single family home.
 - 1 suggestion that the property be sold to a non-profit agency at a nominal fee to remodel and use as a transitional home for homeless women with children. Human Services Department responded that the building is not appropriate for such a use.

Threshold Determination:

The Disposition Procedures require FAS assess the complexity of the issues on each excess property following the initial round of public involvement. The purpose of this analysis is to structure the extent of additional public input that should be obtained prior to forwarding a recommendation to the City Council.

Appendix B contains the Property Review Process Determination Form prepared for PMA 92. Disposition of this property is determined to be a “Complex” transaction, primarily due to the value of the property.

Next Steps:

- FAS will publish this preliminary recommendations report on the RES web site.
- FAS will send notices of the report’s availability to the Real Estate Oversight Committee (REOC), to all City Departments and Public Agencies that expressed an interest in the Excess Property, and to members of the public who have provided input.
- FAS will send a new notice to all businesses, residents, and landowners within 1,000 feet, interested parties, agencies and others that have expressed interest in city real property notifying the publication of this preliminary report.
- FAS will conduct a public meeting in the neighborhood of the property.

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- FAS will post a notice sign visible to the public along the street frontage abutting the Excess Property.
- FAS will consider comments on the Preliminary Report for at least 30 days after the notice has been sent.
- Prior to City Council action a public hearing will be held.
- Legislation authorizing the sale of the property through a negotiated process will then move forward, and a notice of City Council action will be sent to those that have requested to be kept informed prior to Council deliberation.

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Appendix A
EXCESS PROPERTY DESCRIPTION Dolt Communication Shops
PMA 92

Finance and Administrative Services (FAS) as the Jurisdictional Department of this City owned property has identified the following information about this excess property.

Property Name: Seattle IT Comm Shop

Property Management Number: 92

Property Location: 1933 Minor Ave

Tax parcel Number: 066000-2195

Tax Parcel Legal Description: Lots 7 & 8 of Block 52, Heirs of S.A. Bell Second Addition to the Town of Seattle, in King County, Washington.

Excess Parcel Legal Description: Entire parcel

King County land assessed value: King county no longer assess public property.

Property Size: 14,400 square feet / 3,788 square foot building.

Zoning: DMC 240/290-400

History: The property was acquired by the City in 1903, shortly thereafter a woodframe fire station was constructed on site. That building was demolished to make way for the present building in 1951. Seattle Fire Department operated Fire Station 15 at the site until 1971, at which time it decommissioned the fire station; the Comm Shop has operated out of the building since 1975. The Comm Shop provides radio communications and related services to city departments and other regional agencies so they have a reliable means for mobile communications.

Acquisition Ordinances: 22938

Acquisition Fund Source: General Funds

Jurisdictional Departments range of estimated of market value: \$13,000,000

Destination of funds upon sale: TBD

Current easements, covenants and restrictions: None

Recommended easements, covenants and restrictions upon Transfer: Environmental liability release

Potential problems with property and possible measures to mitigate their recurrence: None.

Appendix B

PROPERTY REVIEW PROCESS DETERMINATION FORM		
Property Name:	Seattle IT Comm Shop	
Address:	1933 Minor Ave	
PMA ID:	92	Subject Parcel #: 178
Dept./Dept ID:	FAS	Current Use: Radio communication repair and maintenance and radio installation
Area (Sq. Ft.):	14,405 sf (Land)	Zoning: Downtown Mixed Comm 240/290-400
Est. Value:	\$13,000,000	Assessed Value: n/a
PROPOSED USES AND RECOMMENDED USE		
Department/Governmental Agencies:	Proposed Use:	
None	Sale to adjoining property owner for mixed use residential project.	
Other Parties wishing to acquire:	Proposed Use:	
RECOMMENDED USE: Negotiated sale to adjoining property owenr.		
PROPERTY REVIEW PROCESS DETERMINATION (circle appropriate response)		
1.) Is more than one City dept/Public Agency wishing to acquire?	No / Yes	15
2.) Are there any pending community proposals for Reuse/ Disposal?	No / Yes	10
3.) Have citizens, community groups and/or other interested parties contacted the City regarding any of the proposed options?	No / Yes	10
4.) Will consideration be other than cash?	No / Yes	10
5.) Is Sale or Trade to a private party being recommended?	No / Yes	25
6.) Will the proposed use require changes in zoning/other reg's?	No / Yes	20
7.) Is the estimated Fair Market Value between \$250,000-\$1,000,000?	No / Yes	10
8.) Is the estimated Fair Market Value over \$1,000,000?	No/ Yes	45
Total Number of Points Awarded for "Yes" Responses:		70
Property Classification for purposes of Disposal review:		Complex*
Signature Bill Craven	Department: Finance and Adminstrative Services	Date: March 13, 2017
* a score of 45+ points results in "Complex" classification		

Appendix C



Memo

Date: October 7, 2016
To: Hillary Hamilton, FAS
Katherine Tassery, Jeanette Blankenship, Lisa Mueller, CBO
From: Prithy Korathu, Office of Housing
Emily Alvarado, Office of Housing
cc: Miriam Roskin, Office of Housing
RE: OH Response to 1933 Minor Avenue/PMA 92

Summary of OH Analysis:

Office of Housing (OH) has been asked to review the property at 1933 Minor Avenue. After analyzing the property, OH recommends that the property be sold to the highest bidder and a portion of the sale proceeds be used to develop affordable housing at an alternative site that would maximize affordable housing funds and the provide the greatest benefit to the city. The following is our analysis of the site.

Analysis of Basic Residential Development Criteria:

Site Size, topography and shape: The site is 14,400 square feet, level, and square in shape with each side measuring 120 feet. Our analysis indicates that this parcel has a relatively small floorplate that makes it less desirable as a development site. **The size, topography, and shape of the site is considered average.**

Zoning: The site is zoned DMC 240/290-400 and lies in the Denny Triangle Urban Center, two blocks northwest of South Lake Union. The DMC designation is a mixed-use commercial zone intended serve as a physical buffer between areas of intense commercial development and lower scale commercial development. Development standards for DMC zoned land are oriented toward tower developments, specifically the maximum and average floorplate for a tower structure.

The property lies in the Downtown market scheduled to be upzoned as part of the new MHA legislation. The legislation will increase a project's development capacity in exchange for mandatory affordable housing requirements. We anticipate that the strong development activity in the Downtown and South Lake Union markets will not be adversely impacted when the MHA payment and housing requirements for affordable housing are approved.

The high-rise orientation of the designation is generally unfavorable to affordable housing developers due to the higher construction cost of high-rise development and development standards such as the maximum average floor area of 10,000 square feet. **An affordable housing provider could develop a mid-rise housing development on the site; however, the higher cost of high-rise construction would not allow them to fully realize the building capacity of the city due to the higher cost of high-rise construction.**

Current Improvements: A property is improved with a single-story masonry structure totaling 3,788 gross square feet. The existing improvements were construction in 1951, for use as a fire station and radio shop. In 1972, the

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fire station was relocated and the building renovated for use as a communications center. Updates to various building systems were completed in 1990, 2002, and 2006.

Development Activity in Immediate Subject Area: In a two block radius surrounding the subject site, 16 projects are under construction or in the permitting process, and one development site is under contract to sell. The significant amount of development activity in the immediate subject area suggests that were the subject property has excellent marketability.

Sales of development sites adjacent to the subject support the desirable location of the subject site. These sales include the 28,032 square foot site adjacent to the subject site that sold for \$660 a square foot in September 2014 and the 54,720 square foot site to the north of the subject that sold for \$950 a square foot in September 2015. The current assessed land value of the site south of the subject is \$10,440,00, or \$725 per square foot.

Highest and Best Use of Site: The high Downtown land values, the property's relatively small floorplate, the four feet alley dedication required to achieve the minimum alley width, and the required minimum clearance of 60 feet from any adjacent tower, suggests that the highest and best use of the property would be to sell the property to an adjacent owner as part of an assemblage to create a larger development site. Such an assemblage would be possible with the proposed 1901 Minor Avenue development southeast of the subject.

Suitability as a Residential Site: The site is located in the Denny Triangle neighborhood, two blocks south of the South Lake Union neighborhood. During the last 15 years, South Lake Union has experienced a dramatic change, with upscale apartments, high-tech offices, and medical and biotech research labs, replacing parking lots and warehouses in the market. A similar transformation is currently underway in the Denny Triangle neighborhood. Employers such as Amazon, Google, UW Medicine at SLU, have located offices in the area. The influx of new, well compensated employees has created a walkable area interspersed with restaurants, cafes, and retailers. **Overall, the property's location as a residential site is considered a good.**

Originating Fund Source / Restrictions on Use: The property was acquired with General Funds. There are no restrictions on the use of the property or sale proceeds.

Capacity to Achieve Other Policy Objectives: Developing affordable housing on the site would achieve the city's mandate to create more affordable housing. However, the demand for affordable housing would be better served by selling the site, and the proceeds to develop affordable housing on an alternate site in the market that where it would be financially feasible to construction more affordable units.

OH Property Recommendation: Given the high market value and small footprint of the site, OH recommends selling the property and using the proceeds to relocate the communications operations and develop affordable housing at an alternate site in the market such as Copiers NW, or in an area experiencing significant displacement. In the event the property is redeveloped with market rate housing, we recommend that as a condition of sale, affordable units be required, in addition to those required by MHA.

Overall, the development standards of the zone and potential high sale price leads us to recommend that selling the property and using the sale proceeds to develop affordable on an alternative site in the neighborhood or in an area experiencing a significant displacement, would achieve the greatest benefit.

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