

Preliminary Recommendation Report
On Reuse and Disposal of the
Seattle Public Utilities House at 5560 South Holly Street
PMA 4557
January 28, 2014

Purpose of Preliminary Report

In response to a City 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 that analysis and recommendations. This report is prepared in accordance with City of Seattle Council Resolution [29799](#), as modified by Resolution [30862](#).

Executive Recommendation

As no current or future municipal use has been identified for the City of Seattle to continue ownership of the house located at 5560 S. Holly Street, (PMA 4557), Real Estate Services (RES) recommends that the property be sold at fair market value through an open and competitive process to reach the maximum number of potential purchasers and produce the highest return to Seattle Public Utilities.

Background Information

This property was acquired in 2012 for the construction of a combined sewage underground storage tank. Additional information is attached under Appendix A. Additional engineering review conducted after the property was purchased led to a less expensive solution than construction of the storage tank. SPU has no further need for this property. There are no extraordinary ordinances, laws or regulations that apply to this property.

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, statutes and regulations.

Funding Sources: The property was purchased by Seattle Public Utilities, Drainage and Wastewater Fund 44010, C310 Control Structures.

Purpose for which property was acquired: The property was purchased for a potential location of an underground combined sewerage overflow storage tank.

Deed or contractual restrictions: The property is not bound by any other contracts or instruments and is not subject to any extraordinary laws or regulations. The property is not used by the City for other uses.

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 that utility funds receive fair market value for disposals of surplus real property. No plans or programs apply to this property.

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 does not lie within an adopted neighborhood planning area. The house is located in a single family zoned area, with no proposed changes to the future land use or existing zoning designation.

Housing and Economic Development: The sale of the property to the private party will return the property to the active tax rolls.

Nearby City owned property: The property is across the street from Martha Washington Park.

Other City uses: In November 2013, an Excess Property Notice for this property was circulated to City of Seattle Departments to assess interest in use of the property. FAS/RES received Excess Property Response Forms indicating no interest from the following departments or public agencies: Seattle Public Library, Seattle City Light, Seattle Department of Planning and Development, Seattle Office of Housing and the Seattle Dept. of Parks and Recreation

Other agencies uses: In November 2013, an Excess Property Notice for this property was circulated to other public entities to assess interest in use of the property. No public agencies expressed interest in acquiring the property.

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, market sale, or through a request for proposal process.

Transfer of Jurisdiction to other City Department: No other City Department expressed a need for the property.

Negotiated Sale: A negotiated sale is typically recommended when the selection of a particular purchaser has specific benefits to the City. No group of purchaser was identified which would benefit the goals of the City.

Sale through an open competitive process: A sale through a public competitive sale process will allow the market to determine the optimum price for the property.

Request for Proposal Process: This process is used when specific development goals are desired. SPU does not have a development plan for this property.

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 is 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:

- **Legally permissible:** The subject property is zoned SF-7200 single family residential and intended for single family development.
- **Physically possible:** The property consists of an existing single family house. With a 6,440 sf. lot size, there is room for one single family home onsite.
- **Financially feasible and maximally productive:** The house was purchased with some deferred maintenance may need additional work by a future purchaser. Alternatively, a future purchaser could apply for a demolition permit and construct a new house onsite.

The highest and best use of the subject property is a single family residential house.

Compatibility with the physical characteristics and surrounding uses: The subject property is located in the Seward Park Neighborhood of Seattle. Other houses in the neighborhood are of similar age and size.

Appropriateness of the consideration: SPU is required to obtain fair market value for the property. The property is proposed to be sold to the highest offer obtained through an open and competitive process. Any proposed legislation would authorize SPU to accept the highest competitive offer.

Unique Attributes: The property does not have any significant attributes.

Potential for Consolidation with adjacent public property: There are no public properties that lie adjacent to this property.

Conditions in the real estate market: The real estate market in the City of Seattle remains fairly stable, and is recovering from the 2008-2012 recession.

Known environmental factors: A review of property files and inspections by SPU Facilities staff determined there is no evidence to suggest that further environmental assessments or investigations are warranted at this time.

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.

Potential for Use by Non-City Public Entities: There is no identified need for use by non-City public entities.

Public Involvement: In accordance with Resolution Nos. 29799 and 30862, in November 2014 a notice concerning disposition or other use of this property was sent to all residences and owners within a 1,000 foot radius of the subject properties.

A total of 251 notices were mailed. There were four responses received from the public in response to the letter. Two of the responses were from people interested in purchasing the property. One was from a neighbor concerned that the house was not being maintained. One was from a neighbor who wished the house could be used for facility to house mental problems or other rehabilitation needs.

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.

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PMA 4557, a house located at 5560 South Holly Street is attached as Appendix B. Due to the nature of the property, the extent of public comment on the excess property, its value, and the recommendation to sell, disposition of this property is determined to be a “Simple” transaction.

Next Steps

RES publishes this preliminary recommendations report on the RES web site.

RES sends notice of its 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 responded to the Initial Public Notice. RES 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 30 days after the notice is sent.

Seattle Public Utilities will include the Preliminary Report with any legislation necessary to implement the recommendation for the excess property. As required by RCW 35.94.040 for utility property, there will be a public hearing on the proposed sale of the property. All comment-makers and other interested parties are provided with at least a 14-day notice of the hearing.

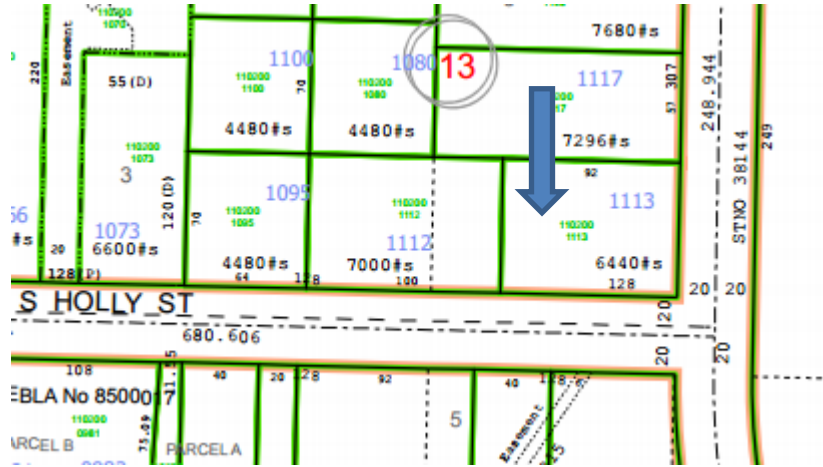
FAS will continue to take public comment, and share that information with the City Council, until the Council holds the public hearing and votes on the legislation.

Appendix A
EXCESS PROPERTY DESCRIPTION
SPU Drainage and Wastewater Property
January 15, 2014

Seattle Public Utilities as the Jurisdictional Department of this City-owned property has identified the following information about this excess property.

Property Name: Henderson Basin 45 CSO - 5560 South Holly Street, Seattle, WA, 98118

PMA	Size	Parcel #	Address	Zoning	2014 Value	Legal Description
4557	6,440 sf	3424049143	5560 S Holly Street	SF 7200	\$ 430,000-\$480,000	The east 92 feet of the south 70 feet of Lot 5, Block 13, Brighton Beach Addition



Map:

History: 2012 purchase by Seattle Public Utilities for potential location of an underground combined sewer over flow storage tank.

Acquisition Ordinances:

May 15 2012 Ordinance [123882](#), AN ORDINANCE relating to Seattle Public Utilities; authorizing the Director of Seattle Public Utilities to purchase certain real property located at 5560 South Holly Street, Seattle, Washington, and to execute, accept and record deeds and convenient documents and agreements deemed by the Director to be necessary to this transaction on behalf of the City.

Acquisition Fund Source: SPU, DWF 44010, C310 Control Structures

Jurisdictional Departments range of estimated of market value: \$ 430,000-\$480,000

Destination of funds upon sale: Return to same fund as used in acquisition.

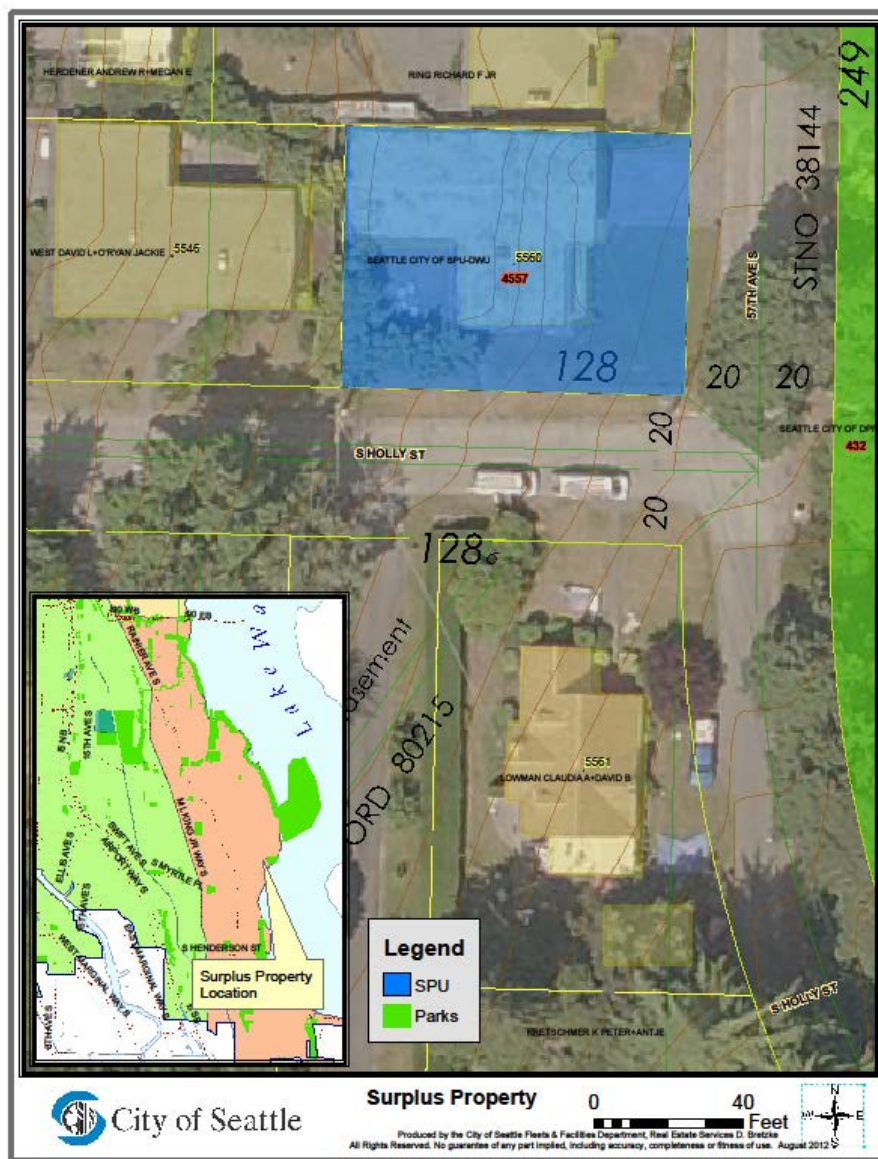
Current easements, covenants and restrictions: Easement for private water line and side sewer easement.

Recommended easements, covenants and restrictions upon Transfer: None

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

Neighborhood: Seward Park

Legal Description: The east 92 feet of the south 70 feet of Lot 5, Block 13, Brighton Beach Addition, according to the plat thereof recorded in Volume 6 of Plats, Page 98, in King County, Washington



Appendix B

PROPERTY REVIEW PROCESS DETERMINATION FORM			
Property Name:	Henderson Basin 45 CSO - 5560 South Holly Street, Seattle, WA, 98118		
Address:	5560 South Holly Street, Seattle, WA, 98118		
PMA ID:	PMA 4547	Subject Parcels Nos.	110200-1113
Dept./Dept ID:	SPU	Current Use:	Vacant House
Est. Value:	\$ 430,000-\$480,000	Assessed Value:	\$ 444,000
PROPOSED USES AND RECOMMENDED USE			
<i>Department/Governmental Agencies: None</i>		<i>Proposed Use: N/A</i>	
<i>Other Parties wishing to acquire: Interested Parties</i>		<i>Proposed Use: Single Family house</i>	
RES'S RECOMMENDED USE: Sell in an open and competitive process.			
PROPERTY REVIEW PROCESS DETERMINATION (circle appropriate response)			
1.) Is more than one City Dept./Public Agency wishing to acquire?	<input checked="" type="radio"/> No / <input type="radio"/> Yes		15
2.) Are there any pending community proposals for Reuse/ Disposal?	<input checked="" type="radio"/> No / <input type="radio"/> Yes		15
3.) Have citizens, community groups and/or other interested parties contacted the City regarding any of the proposed options?	<input checked="" type="radio"/> No / <input type="radio"/> Yes		15
4.) Will consideration be other than cash?	<input checked="" type="radio"/> No / <input type="radio"/> Yes		10
5.) Is Sale or Trade to a private party being recommended?	<input type="radio"/> No / <input checked="" type="radio"/> Yes		25
6.) Will the proposed use require changes in zoning/other regulations?	<input checked="" type="radio"/> No / <input type="radio"/> Yes		20
7.) Is the estimated Fair Market Value between \$250,000-\$1,000,000?	<input type="radio"/> No / <input checked="" type="radio"/> Yes		10
8.) Is the estimated Fair Market Value over \$1,000,000?	<input checked="" type="radio"/> No / <input type="radio"/> Yes		45
Total Number of Points Awarded for "Yes" Responses:			35
Property Classification for purposes of Disposal review: <input checked="" type="radio"/> Simple <input type="radio"/> Complex (circle one) (a score of 45+ points result results in a "Complex" classification)			
Signature: Daniel Bretzke, AICP		Department: FAS	Date: December __, 2013