Richard Gholaghong
PMA No 776
7/06/2012

2012

FINAL REPORT AND RECOMMENDATION FOR THE DISPOSITION OF A PORTION OF PMA NO. 776 – TAYLOR CREEK PROPERTY

Prepared for Seattle Public Utilities
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7/6/2012

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FINAL RECOMMENDATION REPORT
REUSE AND DISPOSAL OF EXCESS PROPERTY
Portion of PMA No. 776, Taylor Creek Property

Resolution 29799 directs that the Executive is to make its recommendations on the reuse or disposal of excess property on a case by case basis, using the Procedures for Evaluation of the Reuse and Disposal of the City's Real Property adopted by that resolution. Additionally, the Resolution identifies guidelines, which are to be considered in making a recommendation. This report addresses each of the guidelines outlined in Resolution 29799 in support of the recommendation. This report also follows those provisions of Resolution 30862, adopted May 1, 2006, that amended Resolution 29799.

Introduction

This report has been prepared by the Department of Finance and Administrative Services (FAS) Facilities Operation Division on behalf of the Seattle Public Utilities (SPU). SPU is planning to obtain City Council approval for the disposition of a portion of Property Management Area (PMA) 776, known as the Taylor Creek Property. The portion to be sold is comprised of a single family home located on the waterfront side of Rainer Avenue S.

SPU originally purchased a large waterfront lot in 2011, adjacent to a larger parcel purchased in 2010 (see map on page 19) SPU plans to construct a habitat enhancement and flood control improvements for Taylor Creek, which runs across this land to Lake Washington.

Because a portion of the acquired property, consisting of a single-family home and driveway, was not required for the project, SPU has declared this portion of the property as excess. SPU has applied for a lot boundary adjustment to divide the south western half of the parcel on which the house is sited from the northeastern half of the parcel which contains frontage on Lake Washington and Taylor Creek.

For purposes of this report the **excess portion** of PMA No. 776 will be referred to as "a portion of PMA No. 776", or the "subject property".

BACKGROUND INFORMATION

Legal Description: The following legal description relates to PMA No. 776 as acquired by SPU. The area to be sold or transferred will be specifically described through the lot boundary adjustment process and a new legal description will be provided. The area to be sold or transferred is generally the south half of the tax parcel together with the access easement described below as parcel B.

Parcel A:
Lot A, City of Seattle Short Plat Number 8406267, recorded under recording number 8605021031, in King County, Washington. Together with second class shorelands adjoining.

Parcel B:
A non-exclusive easement for ingress and egress as delineated on City of Seattle short Subdivision number 8406267, recorded under recording number 8605021031, in King County, Washington.

The King County Parcel number is currently 807300-0538.

Physical Description and Related Factors:

As of the drafting of this report, PMA No. 776 is a long, narrow rectangular lot measuring approximately 37' by 352', for a total of 12,181 sq ft. The current property size is somewhat smaller than other parcels in the immediate neighborhood. The waterfront lot has no direct street frontage, and is served by a non-exclusive access road. Many houses in this block of waterfront utilize this access road off Rainier Avenue S. which is oriented parallel to the north boundary of Rainier Avenue S. The access road is further described in City of Seattle Short Subdivision No. 8406267, recorded under No. 8605021031. Extending perpendicular from the access road and adjacent to the western boundary of the neighboring property to the south of the subject is a narrow access easement which runs in a north and south direction (see page 17). In addition to access easements there are utility easements for water, sewer and power maintenance.

As with many waterfront properties, the boundaries of the parcel extend beyond the shoreline and include offshore aquatic tidelands. SPU has filed an application for a lot boundary adjustment that will separate the house from the waterfront property, leaving the remainder with access only via the City-owned property to the north. The portion to be retained by the City comprises roughly 197 feet, or more than half the depth of the lot, and

includes tide lands and water frontage. The front yard on the water side of this property is lined on both sides by a living fence of shrubbery.

Once the lot boundary adjustment is complete, the parcel will be approximately 5,337 sq ft. The single family home is configured to the contours of the lot with a long narrow shape. It was built in 1986 and renovated in 2003. With a total of 2,640 sq. ft. of interior living space, there are 4 bedrooms, 3 bathrooms and a garage, plus 150 sq ft of deck space. The home has excellent water and territorial views, which may be altered by the upcoming habitat restoration project.

The subject property will be surrounded on its north and western boundaries by public land. The property has public water and sewer services. The property is off the busy arterial of Rainier Avenue S close to the forked intersection with Cornell Ave S. Although Rainer Avenue S is a fairly busy arterial, a recent visit to the property during the middle of the day revealed that traffic noise is largely diminished due to the lower grade on which the subject property is sited, which acts as a sound buffer.

The City of Renton is 1.6 miles southeast of the subject; the City of Tukwila is 1.2 miles southwest of the subject. The subject property is close to a network of major arterials including Rainier Ave S, Cornell Ave S, Renton Ave and Martin Luther King Jr. Way S. Interstate 5 is 1.6 miles southwest of the subject. Given the proximity and availability of major arterials, there is easy access to Seattle, Tukwila, Renton and Burien from the subject property.

Taylor Creek

Taylor Creek runs parallel to the western boundary of the subject property, and then veers east, crossing onto the subject property as it meets Lake Washington. The creek is named after the Taylor Mill which operated in the area in the 1800's. Much of the shoreline, local environment and creek course have been altered since originally platted to provide building sites for homes and provide roadways and other public infrastructure (see page 22).

Taylor Creek is the fourth largest creek in urban Seattle. Cleanup and restoration of the watershed has been ongoing since 1971. The creek is fed by two branches that originate on the upland plateau in the Skyway neighborhood and by natural springs along the creek ravine walls. Flowing water is present at all times of the year. Habitat quality is relatively high in upstream areas contained in Deadhorse Canyon/Lakeridge Park, but the quality declines as the stream enters residential areas and passes under roads as it approaches Lake Washington.

The subject property documented as an Environmentally Critical Area as both a riparian corridor and a flood-prone area. The property is also within a wildlife habitat area, specifically Eagle Management Area which requires a buffer zone around known Bald Eagle nest and indicates the area is a breeding territory.

Taylor Creek supports several species of anadromous fish. There are seasonal runs of sockeye and coho salmon as well as resident cutthroat and rainbow trout. Juvenile Chinook salmon also use the lake shoreline and lower stream for rearing. Sockeye and coho salmon have limited spawning habitat, which is restricted to the stream below Rainier Ave S. Culverts under the private drive and Rainier Ave S are a barrier to salmon and other fish migration. These barriers will be removed as part of SPU's habitat enhancement project being planned for the area.

Improvements to Taylor Creek center on flood control and habitat restoration with a goal to reduce barriers to fish migration through improvements to culverts, stream channels and the surrounding riparian area. SPU expects that the project, once completed, will enhance spawning and rearing habitat for salmon and trout throughout the lower portions of Taylor Creek.

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.

Ordinance 123726 approved October 12, 2011 authorized the purchase of parcel # 807300-0538; it was conveyed to the City of Seattle from Larry D. Cutting on a Statutory Warranty Deed, recording number 20111114001728. The site was purchased to enhance flood control and improve aquatic habitat for salmon recovery.

Properties adjacent to the subject property on to the northwest and southwest had been previously purchased by SPU in 2010 for the same purpose.

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.

The following City-owned properties are in the general area:

Property / Jurisdiction	Size	Description	Location relative to PMA No. 776
Lakeridge Park / Dept of Parks and Recreation	35 acres	Park	259 feet south and southwest
Taylor Creek / Seattle Public Utilities	41,700 sq ft (.96 acres)	Flood Mitigation / Salmon habitat enhancement	Adjacent north and northwest

Range of Options.

Excess property is defined as "real property that the Jurisdictional Department has formally determined it no longer needs for the Department's current or future use." Guiding principles for the reuse and disposal of excess real property states that "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."

SPU determined that it did not need the subject property (house and underlying parcel, together with access easement) for flood control and habitat enhancement. The subject property was classified as excess in 2012. SPU will retain the waterfront portion of this tax parcel for habitat enhancement.

Options for disposition of this subject property include A) retention by the City for a public purpose, B) negotiated sale with a motivated purchaser, or C) sale by competitive process. The following will explore City disposition options in greater detail:

A) Retention by the City. Other City Departments and Governmental agencies were notified that the excess property was available in January, 2012. No City Departments or other Governmental agencies express an interest in acquiring the property. FAS evaluated the suitability of the property for the following priority City uses:

Potential for Priority City Uses

- *Low-income housing and/or affordable housing.* The subject property would not be economically practical given its fair market value.
- *Economic development.* Zoning does not support using the site for economic development.
- *Park and Open space.* SPU will retain a portion of the subject property for improving flood control and habitat conditions. Lakeridge Park is located closeby. Purchase of this subject property and demolition of the existing house would not be practicable for the Department of Parks and Recreation.
- *Sound Transit Link Light Rail station area development*. The subject property is not near a Sound Transit Link Light Rail station.
- *Child care facilities.* The property could potentially be used as a private in-home daycare center if a prospective owner chooses to do so. A large scale center is not practical due to zoning and the subject property's physical constraints.

B) *Negotiated Sale:* A negotiated sale is typically recommended when the selection of a particular purchaser has specific benefits to the City, or when the parcel has limited development potential or use except to an adjacent property owner. Neither of these conditions pertains to the subject property.

C) *Sale by Competitive Process:* Selling this property through a public bid offering or similar competitive process that reaches the greatest number of potential buyers and net the greatest return for the City is the preferred method of generating interest in the property. Sale of the subject property *w*ill be used to offset costs associated with the original purchase of the entire 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 make affect the value of the property.

Highest and Best Use

The concept of Highest and Best Use of a property is a key principle employed in real estate appraisal. The Highest and Best Use is generally defined as the reasonably probable and legal use that produces the highest property value. To be considered as the Highest and Best Use of a property, any potential use must pass a series of tests. The use must be:

▪ *Legally permissible*	▪ *Physically possible*
▪ *Financially feasible*	▪ *Maximally productive*

Typically in an analysis of highest and best use, two methods are used to determine a properties' potential value. One bases the use of the property as vacant, and assumes its economically maximum development potential as zoned. The other method is to analyze the property as improved, which takes into account improvements as they exist on the property.

- *Legally Permissible Use: What uses are permitted by zoning, deed or other similar restrictions?* The subject property is zoned SF5000, or one single family dwelling per 5,000 sq ft. This zoning protects residential neighborhoods from obstructive or incompatible development and uses. Uses other than single family housing is prohibited within this zoning.

- *Physically Possible Use: To what use is it physically possible to put the site in question?* One Single family house as zoned.

  Financially Feasible Use: What possible and permissible uses will produce the required net rate of return on the investment and provide the requisite return on the land? While much of the property value is in the land, the existing improvements provide greater financial flexibility for a potential resident or investor in income producing property. The house could be rented at prevailing market rate providing an offset of monthly costs. Purchasing the house and land as a personal dwelling would also provide the opportunity to invest in a desirable property which will appreciate as the market for housing improves.

  Maximally Productive Use: Among the financially feasible uses, what use produces the highest residual land value consistent with the rate of return by the market for that use, or, what use results in the highest value? Single family housing, either owner occupied or rental.

In conclusion, the Highest and Best Use of the property is for a single-family home.

Compatibility with the physical characteristics:
The subject property is typical of the immediate surrounding properties with a recently remodeled home on a long narrow lot oriented to take advantage of the lake view. The house and parcel are sited in a quiet neighborhood of private residences. After the pending lot boundary adjustment is completed, the property will no longer have private access to the lake shore and lake views may be affected by the future habitat restoration project. Although private lakefront / beach access will not exist for the parcel once the lot boundary adjustment is complete, future residents may be able to access the lake through the adjacent public land, pending any access restrictions that may occur in connection to the future SPU project.

Compatibility with surrounding uses:
The subject property is in a residential neighborhood of single family dwellings within Single-Family 5000 zoning.

Timing and Term of Proposed Use:
This portion of PMA No. 776 was declared excess by SPU January, 2012. Pending Council approval, FAS anticipates that the property will be sold to a private owner by late 2012.

Appropriateness of the consideration:
SPU obtained an appraisal of the property in 2011. Based on an assumption that the lot boundary adjustment is completed, the fair market value of the property was set at $625,000. SPU proposes to sell the property through an open, competitive process that will achieve a fair market value at the time of sale.

Unique Attributes:
The subject property is a single-family house adjacent to public land with lake views (which could be altered by the future SPU project). The house is also adjacent to an active salmon bearing creek and future habitat improvement area.

Potential for Consolidation with adjacent public property:
The subject property is going to be segregated from other City property per a pending lot boundary adjustment. This property is adjacent to other SPU property which will be used to enhance salmon habitat and to facilitate better flood control. Consolidation of this portion of PMA No. 776 with the

other SPU properties adjacent would not add to the planned habitat enhancement of Taylor Creek.

Conditions in the real estate market:
After four years of decline, real estate values in most of the Puget Sound region have begun a slow increase in value. Depending on the local market, housing values have increased due to a tightening inventory for single-family homes. This excludes condominiums which are still experiencing a decrease in values.

Sellers in Seattle, Snohomish and Kitsap counties saw higher median prices in April 2012, while sellers in Southwest King County again saw prices decrease. Houses in Seattle sold for a median price of $425,000, up 10.4 percent from April 2011 with an increase in transactions of nearly 8 percent. Sellers in Snohomish and Kitsap counties also saw higher median prices in April 2012, with a median price in Snohomish County of $255,502 which is nearly 10 percent over a year ago. Similarly, Kitsap County reported a pending sales increase of 39.3 percent and median price increase of more than 14 percent. As previously mentioned, homes in Southwest King County experienced a reduction in value with the median price at $189,500, down 12 percent from last year. [1]

Factors which continue to weaken the housing market, both resale of existing homes and construction of new homes are an anemic job market, skittish lenders, a large inventory of foreclosures and buyers who have kept their houses off the market due to inverse value.

Some real estate experts believe that home values will bottom out this year. Investors appear to be snapping up bargains of foreclosed homes and homes of distressed sellers. One out of five home sales is for investment properties. Buyers with ready cash, such as retirees, have been able to take advantage of lower prices on more desirable properties.

The market has gone from one in free fall to one that is in process of reaching homeostasis.

Known environmental factors:
This portion of PMA No. 776 contains a single family dwelling, which is adjacent to a creek and publically-owned lakefront. Some of the surrounding area, specifically the creek and lake shorelines, is considered environmentally sensitive. The property is within a wildlife habitat / riparian

[1] Source: *MYNorthwest.com May 4, 2012*

zone designated area. Proximity to these sensitive areas does not detract from the property's value or appeal as a single family residence.

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.

PUBLIC INVOLVEMENT

On April 13, 2012 Excess Property notices were mailed to 163 neighbors within a 1,000 foot radius of the subject property. In addition, 5 notices were mailed to community groups associated with the area. As of May 14, 2012, a total of nine comments were received, two from one commenter. Comments break down as follows:

- One commenter considered that with the current economic crisis and depressed real estate it might be more beneficial for The City to lease or retain this property for some time before disposing it to a private buyer unless immediate cash return is the priority.

- One commenter suggested a community tennis or sports court as a possible use for the property.

- One commenter had questions regarding the future park design and access issues. The same commenter visited the property and asked if the house could be removed to provide open space or if it could be used as a community club house.

- One commenter expressed support to use the area as a park with limited (no) access to the public.

- One commenter stated that "the excess property should only be disposed of by selling the property to a private party for residential use only. This currently is a quiet neighborhood located on a privately-owned one land driveway." This same commenter stated that "We support salmon restoration on Taylor Creek, but do not want a park of any other public use that will jeopardize the safety and security of our families on the lane".

- One commenter stated "I am speaking for every family on this quiet lane from 9936 to 10144 Rainier Ave So. We do not want a public facility of any kind, park or otherwise, in our neighborhood. This is a residential neighborhood. That house should be sold as a single family home to a private party, consistent with all the others in the area. You will be receiving a letter describing our concerns and desires later this week. This will include a petition evidencing that we are of one mind. I hope you will take our position seriously".

- One property owner adjacent to the property stated that "This private narrow dead end lane is the only access in and out of our homes. There is absolutely no available parking for the public. Entering and leaving the lane safely can be very difficult and dangerous for the unknowing driver." The commenter further stated that "We are not equipped nor is the city prepared to manage the problems public access would bring to our neighborhood. We have firsthand experience having lived next to a street end at 9902 Rainier Ave. The public behavior, litter ad total disregard for private property were the primary reasons for moving to the "private land". The proposed property use is not suitable for public use. The impact to the surrounding neighbors is just too severe. The city needs to return this property to the private sector".
- One commenter stated "We are neighbors on the private lane that accesses only private homes, including the 10042 Rainier Avenue South Property. We absolutely do not want public access in our private neighborhood on a road we personally maintain. Our road is single land with one ingress / egress. We have young children playing on our lane and heavier use would put them at risk. We have a public park across the street for ball games and picnics. The park also brings partiers, loud music, drugs and other activities not conducive to being in our private yards. Our City currently hasn't sufficient funds to maintain current parks or enforce leash law or unlawful use. What will change to ensure we do not ruin our neighborhood. We would suggest the City sell this property for private ownership."

In general most comments are consistent with SPU's preference to sell the subject property through an open, competitive process to someone who will most likely use the property as a private residence.

Some of the comments appear to address the entire PMA 776, instead of only the subject property that is being considered for sale. Several respondents are concerned about the SPU property becoming a high use park that negatively impacts their neighborhood. Responders oppose creation of a park on the lake side of Rainier Avenue S., citing a compromise of privacy, increased traffic, noise and crime associated with public access, as well as inadequate roads and drives to access the site. Many of these concerns are related to the future SPU project to replace the culvert under Rainier Ave S and improve stream habitat – it is early in the project planning phase and many of the final project outcomes are unclear at this time.

On May 23, 2012 FAS posted two large public notice signs visible on street frontages near the Excess Property and viewable by drivers and walkers which listed the recommendation and advised how to provide comment by the deadline of June 22, 2012. No comments were received from the sign posting.

On June 8, 2012 FAS provided a copy of the Summary Preliminary Report to the Real Estate Oversight Committee (REOC), to all City Departments and Public Agencies that expressed an interest in the Excess Property. All responding members of the REOC concurred with the recommendation of the Preliminary Report.

Potential for Use by Non-City Public Entities:
At this time, FAS has not received any proposals from non-City public entities interested in purchasing the property.

Potential for Use by the General Public:
It is most likely that the general public would be interested in purchasing the subject property for a single-family home. Given the size of the lot following the lot boundary adjustment, the most likely buyer of the property would retain the existing house rather than demolish it and construct a new house.

RECOMMENDATION

The Department of Finance and Administrative Services concurs with Seattle Public Utilities' recommendation that this property be sold in an open, competitive process that reaches the maximum number of potential purchasers and will produce the highest return to Seattle Public Utilities.

THRESHOLD DETERMINATION

The Disposition Procedures provide that FAS assesses 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. The transaction is rated as "Simple", based on the Property Review Process Determination Form (see page 15).

NEXT STEPS

Seattle Public Utilities will provide a copy of the Final Report and Recommendation 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 SPU and the City Council, until the Council holds the public hearing and votes on the legislation.

PROPERTY REVIEW PROCESS DETERMINATION FORM		
Property Name: Portion of Taylor Creek	Subject Parcel # 807300-0538	
Address: 10042 Rainier Ave So	Current Use: Single family house (currently vacant)	
PMA ID: Portion of PMA No. 776	Zoning: SF5000	
Dept./Dept ID: Seattle Public Utility (SPU)		
Area (Sq. Ft.): 2,649 sq ft (house), 12,181 sq ft (lot)		
Est. Value: $625,000 appraisal in 2011	Assessed Value: $708,000.00	
PROPOSED USES AND RECOMMENDED USE Department/Governmental Agencies: None	Proposed Use: None	
Other Parties wishing to acquire: None	Proposed Use: None	
FAS RECOMMENDED USE: Sell the property through an open, competitive process for fair market value.		
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	15
3.) Have citizens, community groups and/or other interested parties contacted the City regarding any of the proposed options?	No / Yes	15
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 regulations?	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:		**35**
Property Classification for purposes of Disposal review: Simple / Complex (circle one) (a score of 45+ points result results in a "Complex" classification) Signature: Richard Gholaghong Department: Finance and Administrative Services (FAS) Date: May 21, 2012		

Pictures

Surrounding neighborhood from the lake side of the property

North facing side yard

Front of house – facing the lake, with a view of Mercer Island and Kennydale

Back of house with garage

Pictures

East side yard

Property and dwelling adjacent on the South with the access easement on the right

Taylor Creek – adjacent to PMA 776 east of Rainier Ave S

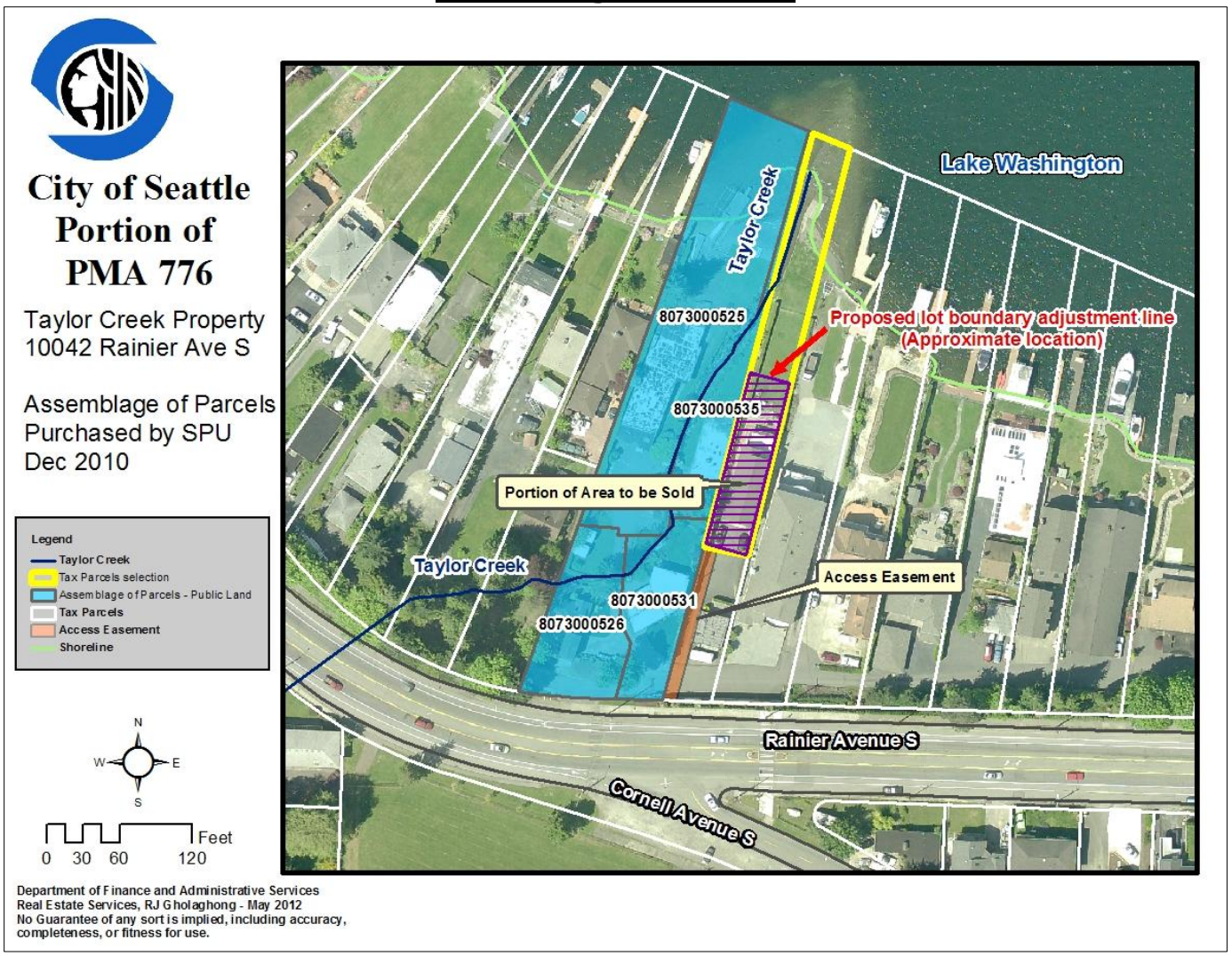
Pictures

Lake view from the subject property's front yard.

There is a small dock on the shoreline of the property. This portion of the property will be retained by SPU and the dock will be removed.

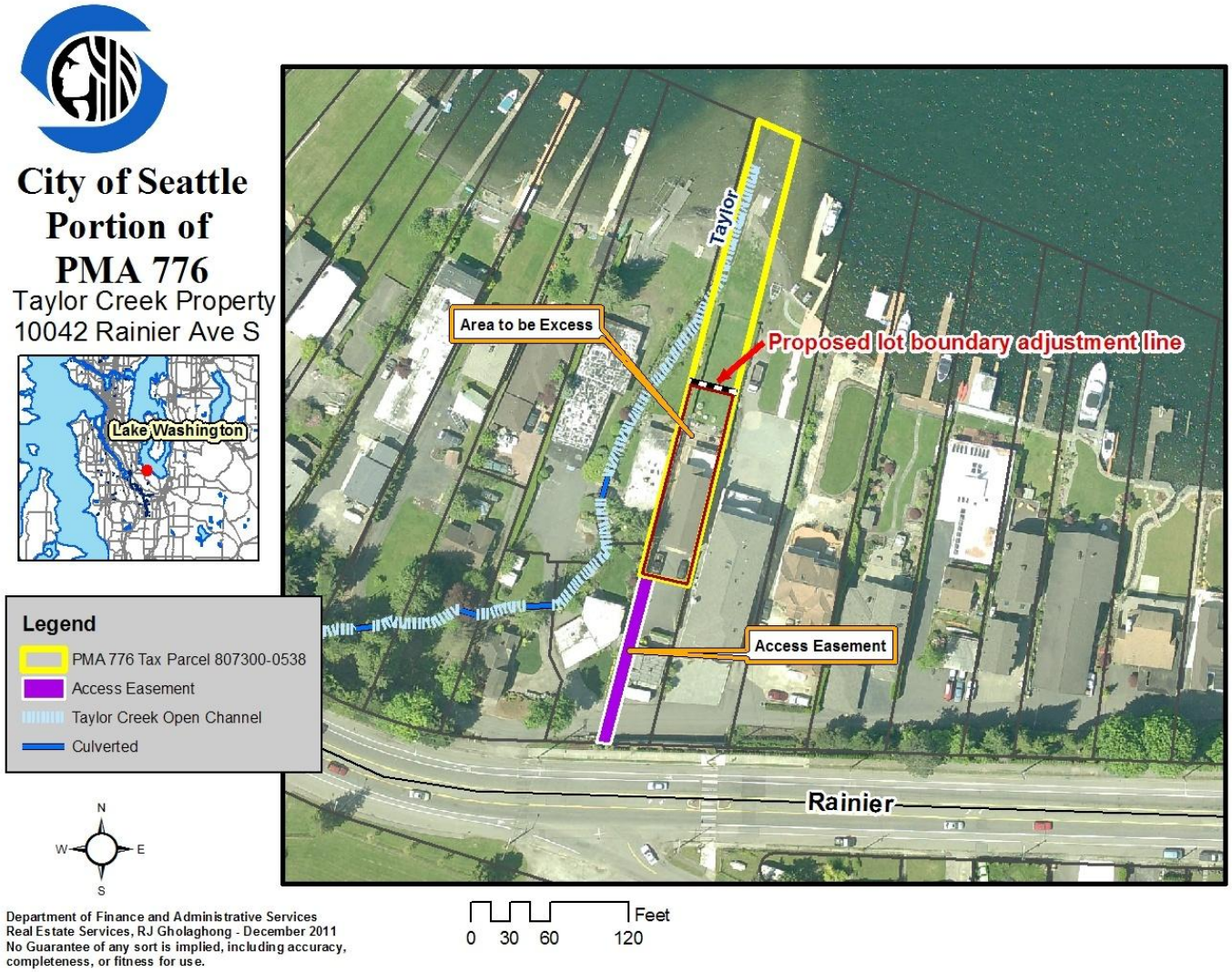
Maps

Assemblage of Parcels



Richard Gholaghong
PMA No 776
7/06/2012

Site Map with Proposed Boundary Adjustment



Environmental Map

City of Seattle Portion of PMA 776

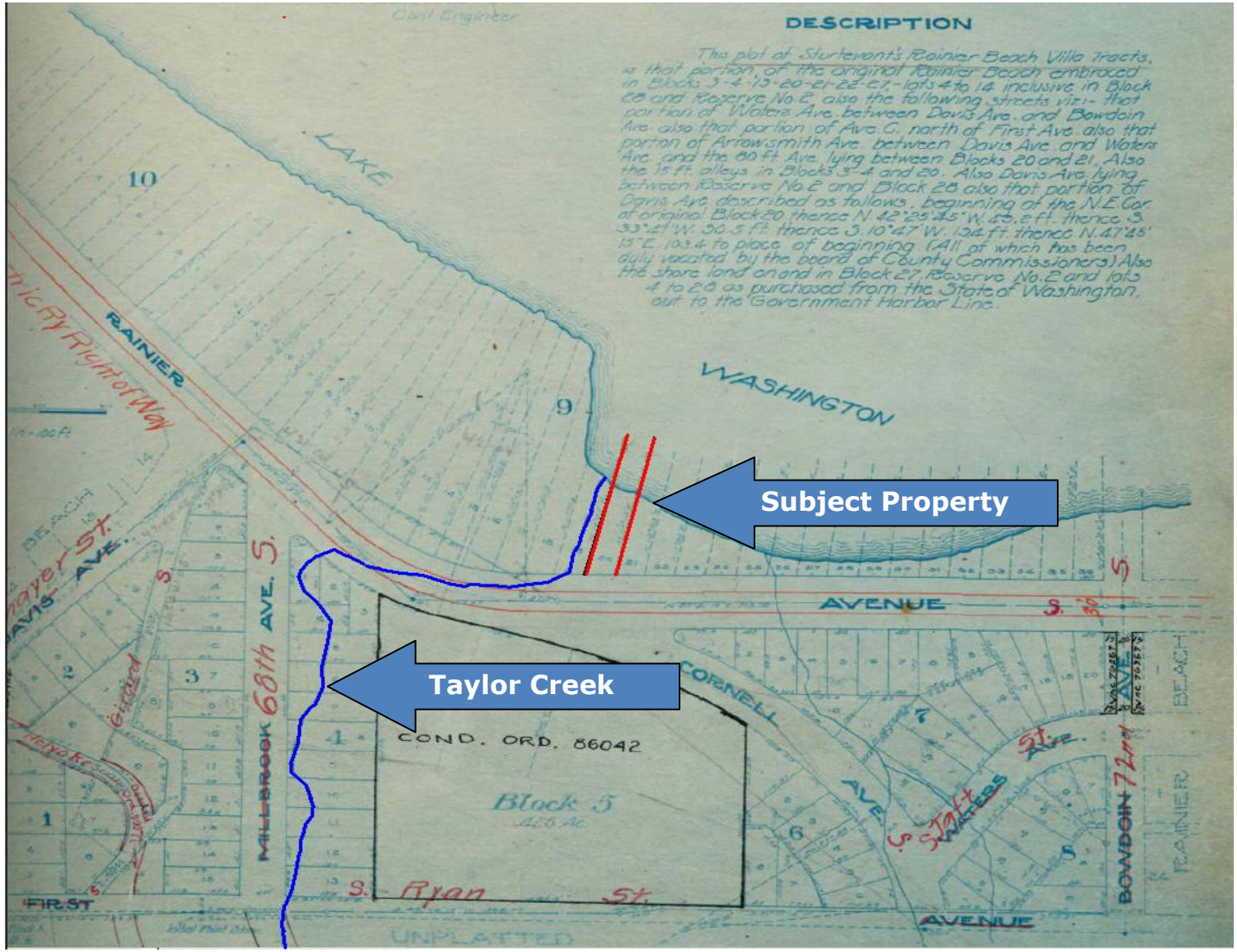
Taylor Creek Property
10042 Rainier Ave S

Legend

- Access Easement
- Taylor Creek Open Channel
- Culverted
- Wetland
- PMA 776 Tax Parcel
- Riparian Corridor
- Dept of Parks
- Seattle Public Utilities
- Parcels
- Shoreline
- Pavement Edge
- Wildlife Habitat

N W E S

0 75 150 300 Feet

Department of Finance and Administrative Services
Real Estate Services, RJ Gholaghong - March 2012
No Guarantee of any sort is implied, including accuracy, completeness, or fitness for use.

Original Shoreline and Creek Course