

BILL SUMMARY & FISCAL NOTE

Department:	Contact Person/Phone:	Executive Contact/Phone:
Finance and Administrative Services (FAS)	Sabrina Buchanan/615-1713	Jennifer Devore/615-1328

1. BILL SUMMARY

Legislation Title: AN ORDINANCE declaring the Property at 339 22nd Avenue East (PMA 156) as surplus to the City’s needs; authorizing the Director of Finance and Administrative Services to sell two parcels through an open and competitive process; and designating the disposition of sales proceeds.

Summary and background of the Legislation:

This proposed legislation declares property at 339 22nd Avenue East, Seattle WA 98119 (PMA 156) as surplus to the needs of the City. The Director of FAS is authorized to sell the property using a competitive process and to carry out any necessary negotiations to complete the transaction.

Proceeds from the sale, estimated at \$775,000, will be used as follows: \$38,180 will be repaid to the federal government for grant funds that were received as part of the American Recovery and Reinvestment Act (ARRA) and were used for a sprinkler system at the now defunct residential facility for teenage parents located on one of the two properties; FAS will be reimbursed for the costs associated with the disposition of the property; and all remaining proceeds will be deposited into the Office of Housing (OH) Low Income Housing Fund 16400.

OH will use the proceeds to support the development of rental housing with half the proceeds used to develop housing serving households with incomes no greater than 30 percent of annual median family income and half of the proceeds used to develop housing serving households with incomes no greater than 60 percent of annual median income. “Median income” means annual median family income for the Seattle-Bellevue, WA HUD Metro FMR Area, as published from time to time by the U.S. Department of Housing and Urban Development (HUD) for the Section 8 or successor program, with adjustments according to household size in a manner determined by the Director. This ordinance is exempted from Ordinance 108527, which would otherwise require the remaining proceeds to be deposited in the Human Resources Operating Fund.

2. CAPITAL IMPROVEMENT PROGRAM

This legislation creates, funds, or amends a CIP Project.

(If box is checked, please attach a new (if creating a project) or marked-up (if amending) CIP Page to the Council Bill. Please include the spending plan as part of the attached CIP Page.)

Project Name:	Project I.D.:	Project Location:	Start Date:	End Date:	Total Cost:

3. SUMMARY OF FINANCIAL IMPLICATIONS

Please check one:

This legislation has direct financial implications. (If the legislation has direct fiscal impacts)

(appropriations, revenue, positions), fill out the relevant sections below. If the financial implications are indirect or longer-term, describe them in narrative in the "Other Implications" section.)

This legislation does not have direct financial implications.

(Please skip to "Other Implications" section at the end of the document and answer questions a-i.)

Budget program(s) affected:				
Estimated \$ Appropriation change:	General Fund \$		Other \$	
	2015	2016	2015	2016
Estimated \$ Revenue change:	Revenue to General Fund		Revenue to Other Funds	
	2015	2016	2015	2016
			Est. \$775,000	
Positions affected:	No. of Positions		Total FTE Change	
	2015	2016	2015	2016
Other departments affected:				

3.a. Appropriations

This legislation adds, changes, or deletes appropriations.

(If this box is checked, please complete this section. If this box is not checked, please proceed to Revenues)

The purpose of the legislation is to sell City real property. No appropriation is required at this time.

Fund Name and number	Dept	Budget Control Level Name/#*	2015 Appropriation Change	2016 Estimated Appropriation Change
TOTAL				

*See budget book to obtain the appropriate Budget Control Level for your department.

(This table should reflect appropriations that are a direct result of this legislation. In the event that the project/programs associated with this ordinance had, or will have, appropriations in other legislation please provide details in the Appropriation Notes section below. If the appropriation is not complete supported by revenue/reimbursements listed below, please identify the funding source (e.g. available fund balance) to cover this appropriation in the notes section. Also indicate if the legislation changes appropriations one-time, ongoing, or both.)

Appropriations Notes:

3.b. Revenues/Reimbursements

This legislation adds, changes, or deletes revenues or reimbursements.

(If this box is checked, please complete this section. If this box is not checked, please proceed to Positions)

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2015 Revenue	2016 Estimated Revenue
Low-Income Housing Fund 16400	Office of Housing	Net proceeds from sale of the property	\$775,000 (est)	
TOTAL				

(This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below. Do the revenue sources have match requirements? If so, what are they?)

Revenue/Reimbursement Notes:

The legislation authorizes FAS to utilize a competitive sales process. FAS anticipates hiring a real estate broker to market the property. An open and competitive process will allow enough time for potential buyers to consider the property and support the City getting the best available value for the property, while avoiding the risks associated with retaining vacant property in the City's portfolio. Any costs associated with the sale of the properties may be reimbursed from the proceeds of the sale.

A sprinkler system was installed in 2009 at the residential facility for teenage parents with \$38,180 in grant funds from the American Recovery and Reinvestment Act (ARRA). The terms of the grant require that the facility be used for the benefit of low or moderate income persons for a period of not less than five years. The five year condition was not met due to the group home operator ceasing operations at this location in 2012. The grant will be repaid from the proceeds of the sale.

3.c. Positions

 This legislation adds, changes, or deletes positions.

(If this box is checked, please complete this section. If this box is not checked, please proceed to Other Implications)

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:

Position # for Existing Positions	Position Title & Department*	Fund Name & #	Program & BCL	PT/FT	2015 Positions	2015 FTE	Does it sunset? (If yes, explain below in Position Notes)
TOTAL							

* List each position separately

(This table should only reflect the actual number of positions created by this legislation. In the event that positions have been, or will be, created as a result of previous or future legislation or budget actions, please provide details in the Notes section below.)

Position Notes:

4. OTHER IMPLICATIONS

a) Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?

(If yes, explain here.)

None

b) Is there financial cost or other impacts of not implementing the legislation?

(Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs or consequences.)

The City would incur additional security, utility, and maintenance costs to maintain a vacant building if the legislation was not implemented and potentially face cleanup costs for graffiti and/or illegal dumping while hard to quantify, vacant buildings can be a detriment to the vitality of a neighborhood and potentially harm property values in the community.

c) Does this legislation affect any departments besides the originating department?

(If so, please list the affected department(s), the nature of the impact (financial, operational, etc), and indicate which staff members in the other department(s) are aware of the proposed legislation.)

FAS is originating this legislation and will facilitate the disposition of the property. Proceeds from the sale will be deposited into the Office of Housing's Low Income Housing Fund 16400. OH will use the proceeds to support the development of rental housing with half the proceeds used to develop housing serving households with incomes no greater than 30 percent of annual median family income and half of the proceeds used to develop housing serving households with incomes no greater than 60 percent of annual median income.

d) Is a public hearing required for this legislation?

(If yes, what public hearing(s) have been held to date, and/or what public hearing(s) are planned for the future?)

No

e) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

(For example, legislation related to sale of surplus property, condemnation, or certain capital projects with private partners may require publication of notice. If you aren't sure, please check with your lawyer. If publication of notice is required, describe any steps taken to comply with that requirement.)

No

f) Does this legislation affect a piece of property?

(If yes, and if a map or other visual representation of the property is not already included as an exhibit or attachment to the legislation itself, then you must include a map and/or other visual representation of the property and its location as an attachment to the fiscal note. Place a note on the map attached to the fiscal note that indicates the map is intended for illustrative or informational purposes only and is not intended to modify anything in the legislation.)

Yes, map is provided as Attachment B

g) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

(If yes, please explain how this legislation may impact vulnerable or historically disadvantaged communities. Using the racial equity toolkit is one way to help determine the legislation's impact on certain communities.)

No

h) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.

(This answer should highlight measureable outputs and outcomes.)

Traci Ratzliff
FAS 339 22nd Ave E. SUM
July 24, 2015
#D5

Not applicable

i) Other Issues:

List attachments below:

Attachment A – Preliminary Report and Recommendation for the Disposition of PMA No. 156 Property at 339 22nd Ave East

Attachment B – PMA 156 – Capitol Hill Housing

Sabrina Buchanan
FAS 339 22nd Ave E. SUM ATT A
March 24, 2015
Version #4



2014

**PRELIMINARY REPORT
AND RECOMMENDATION FOR THE
DISPOSITION OF PMA No. 156
PROPERTY AT 339 22ND AVE EAST**



Department of Finance and
Administrative Services
City of Seattle
September 2014

***Preliminary Recommendation Report
On Reuse and Disposal of the
Property at 339 22nd Ave East
PMA 156
September 17, 2014***

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, under the jurisdiction of FAS, includes a residential house and adjacent single family residential building lot. The property is located at 339 22nd Avenue East. FAS recommends that the property be sold at fair market value through an open and competitive sales process. The proceeds from the sale are to be used to support Human Services programs.

Background Information

City purchased the property in 1971. The property served as a residential facility for teenage parents from 1988 to 2012 through Mutual Offsetting Benefit Leases with two non-profit organizations. Human Services Department terminated the relationship with the most recent operator of the facility in mid-2012. The property is now currently vacant. FAS had the property surveyed and requested a tax lot segregation.

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.

Purpose for which property was acquired: The Seattle Model City Program purchased the property for a community juvenile treatment facility, as authorized by Ordinance 99632.

Funding Sources: The property was purchased with funds from the United States of America pursuant to the City’s “Grant Agreement for a Comprehensive City Demonstration Program” contained in C.F. 264621. Ordinance 108527 provided for the deposit of certain assets of the Model City Fund into the Human Resources Operating Fund. Ordinance 115448 and departmental reorganizations changed the name to the Human Services Operation Fund. FAS

recommends that the net proceeds from the sale of the property are to be deposited in the Human Services Operating Fund.

Deed or contractual restrictions: An easement for sewer purpose was granted to the City of Seattle by instrument recorded under auditor's File # 2001332. An easement created by instrument recorded under Auditor's file #1573366 permits use of a water tap pipe or service connection for passage of water.

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.

A sprinkler system was installed in 2009 with \$30,000 in grants from the American Recovery and Reinvestment Act (ARRA). The use of the funds requires that the facility be used for the benefit of low or moderate-income persons for a period of not less than five years. The five-year condition was not met due to the group home operator ceasing operations at this location in 2012. It will be repaid from the proceeds of the sale.

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 a part of the East District Neighborhood Area, Capitol Hill Urban Center. This Neighborhood Plan does not include any specific recommendations for this property. The vacant lot has the potential of being developed with a single family house, which is consistent with the residential plans of the Capitol Hill Neighborhood Plan.

Housing and Economic Development: The single-family zoning limits the potential for increasing affordable housing and economic development on this site. The sale of the property to a private owner will return the property to the active tax roll. Development of the vacant lot will add additional economic development to the Capitol Hill area.

Nearby City owned property: The following properties are all within 1 mile of the subject property: Fire Station 34, Police Precinct East, Miller Triangle, Steven's Elementary, Seattle World School Middle School, and Garfield High School.

Other City Uses: An Excess Property Notice for this property was circulated to other City Departments to assess the interest for other City Departmental use of this property. FAS/RES received notifications from DoIT, SPU, DPD, & HSD indicating no interest in this property. No other agencies have 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, or sale by public bid or request for proposal.

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

Negotiated Sale: The City of Seattle has not identified a group or individual in which a negotiated sale would provide benefit to the city.

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 includes two lots, one measuring 4,401 square feet with a 2,880 sq. ft. building. The second vacant residential lot has an area of 4,601 square feet.
- ***Legally permissible:*** The subject property is zoned single family 5,000 sq. ft., which will allow for one additional house to be built on the vacant parcel.
- ***Financially feasible and maximally productive:*** There is a high demand for housing in this neighborhood. It is financially feasible to adapt the building for reuse as a single family residence, and to build a new single family house on the vacant lot.

Compatibility with the physical characteristics and surrounding uses: New construction of residential use on the vacant parcel and remodeling of the existing house would be compatible with the surrounding neighborhoods in the Capitol Hill area.

Appropriateness of the consideration: Sale of the property at fair market value through a negotiated sale or competitive process will result in the City receiving fair market value of the property.

Unique Attributes: The property has a unique floor plan which would accommodate some type of community service home. Potential private buyers would need to update/remodel the property for residential use. There is a vacant lot adjacent to the south side of existing building.

Potential for Consolidation with adjacent public property: There are no public properties adjacent to the subject property in either direction.

Conditions in the real estate market: The real estate market in the City of Seattle remains fairly stable.

Known environmental factors: A Phase 1 Environmental Site Assessment has been conducted on the property. The report indicated no environmental concerns. After being reviewed by the Law department, there are no suggestions to have further environmental assessments or investigations conducted at this time. The City of Seattle will provide any potential buyers with a copy of the Phase I report.

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: No specific ideas for use by non-City public entities have been identified.

Potential for Use by the General Public: Sale of the property for housing stock would provide a positive impact to the neighborhood. It would return the property to the tax rolls, providing additional tax revenues to the City. The property could also be used for some type of community service program to benefit the neighborhood as identified below.

Public Involvement: In accordance with Resolution Nos. 29799 and 30862, a notice concerning disposition or other use 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 388 notices were mailed. A total of 15 neighbors requested to be added to the mailing list to receive future information regarding the property. We also received 5 comments/suggestions for the property. One neighbor suggested converting to residential use, one neighbor suggested using the property for subsidized housing for teachers at the local schools, and three neighbors suggested a home for developmentally disable adults or transitional housing for homeless families. The party of record list is located in appendix D.

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.

The Disposition Procedures require FAS to 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 is the Property Review Process Determination Form prepared for PMA 156. A score of 45 or lower results in a Simple designation, and preparation of a Public Involvement Plan (PIP) is not required. PMA 156 scored 35 points.

Next Steps

FAS will publish the final Preliminary Report on the RES website. A notice will be sent by RES to the Real Estate Oversight Committee (REOC), to all City Departments and Public Agencies, and to members of the public who have provided input as to where a copy of the report can be located. FAS will post a notice sign visible to the public along the street frontage abutting the property. FAS will consider comments regarding the Preliminary Report for 30 days after the notice has been distributed. Legislation authorizing sale of the property through a competitive process will then move forward, and a notice of City Council action will be sent prior to Council deliberation.

Appendix A

EXCESS PROPERTY DESCRIPTION: Property at 339 22nd Ave E.

The 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: Property at 339 22nd Ave E.

Property Management Number: (PMA): 156

Property Location: 339 22nd Ave E.

Tax parcel I. D. Number: 134430-0030

Tax Parcel Legal Description:

Parcel A: Lot 5, together with the east 10' of the south 20' of lot 10

Parcel B: Lot 6, together with the east 10' of lot 9

All in Block 1, Capitol Hill Heights Addition to the City of Seattle, according to the plat recorded in Volume 16 of Plats, Page 13, and Records of King County, WA

Departmental 2014 estimated value \$700,000

Size: Parcel A: 4,401
Parcel B: 4,601

Zoning: SF 5000

History:

The Capitol Hill Housing was operated as a home for teen mothers through a Mutual and Offsetting Benefit Lease. HSD terminated the relationship with the operator of the facility in mid-2012 and the property is currently vacant. The Capitol Hill Housing is a 2,880 square foot building located on an 8,997 square ft. parcel, zoned single family in the Capitol Hill neighborhood. The house is located at 339 22nd Ave East and was constructed in 1925 and acquired by the City in 1971. The Department of Finance and Administrative Services (FAS) has declared this property excess to the needs of the department. FAS's initial recommendation is that the property be sold, and the proceeds from the sale are to be used to support asset preservation of capital facilities that support Health and Human Services programs.

Acquisition Ordinances:

3/31/1971, Ordinance [99772](#), AN ORDINANCE accepting deeds from Joan W. Opdock and others to a portion of Block 2, Hazelwood Addition Supplemental to the City of Seattle, and other properties for the Seattle Model Cities Program. (Atlantic Street Center)

Acquisition Fund Source: Model Cities Funds.

Jurisdictional Departments range of estimated of market value: \$600,000 - \$800,000

Destination of funds upon sale: The proceeds from the sale are to be used to support asset preservation of capital facilities that supports the Human Services programs.

Current easements, covenants and restrictions: Easement for sewer purposes granted to the City of Seattle by instrument recorded under Auditor's File No. 2001332; Easement created by the instrument recorded under Auditor's File No. 1573366 to use water tap pipe or service connection for passage of water.

Sabrina Buchanan
FAS 339 22nd Ave E. SUM ATT A
March 24, 2015
Version #4

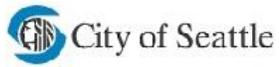
Recommended easements, covenants and restrictions upon Transfer: None

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

Appendix B

PROPERTY REVIEW PROCESS DETERMINATION FORM			
Property Name:	Property at 339 22 nd Ave East.		
Address:	339 22 nd Ave E.		
PMA ID:	PMA. 156	Subject Parcels Nos. 313	
Dept./Dept. ID:	FAS	Current Use:	Vacant
Area (Sq. Ft.):	8,960	Zoning:	SF 5000
Est. Value:	\$ 600, 000 – 800,000	Assessed Value:	\$ 700,000
PROPOSED USES AND RECOMMENDED USE:			
<i>Department/Governmental Agencies:</i> None		<i>Proposed Use:</i> N/A	
<i>Other Parties wishing to acquire:</i> None		<i>Proposed Use:</i> N/A	
FAS RECOMMENDED USE: Sell the property through a 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?	<input checked="" type="radio"/> No	Yes	15
2.) Are there any pending community proposals for Reuse/ Disposal?	<input checked="" type="radio"/> No	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	Yes	15
4.) Will consideration be other than cash?	<input checked="" type="radio"/> No	Yes	10
5.) Is Sale or Trade to a private party being recommended?	No	<input checked="" type="radio"/> Yes	25
6.) Will the proposed use require changes in zoning/other regulations?	<input checked="" type="radio"/> No	Yes	20
7.) Is the estimated Fair Market Value between \$250,000-\$1,000,000?	No	<input checked="" type="radio"/> Yes	10
8.) Is the estimated Fair Market Value over \$1,000,000?	<input checked="" type="radio"/> No	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 results in a "Complex" classification)			
Signature: Sabrina Buchanan		Department: FAS	Date: May 2014

Appendix C



PMA 156 - Capitol Hill Housing



Produced by the City of Seattle
Finance and Administrative Services
Real Estate Services
May 24, 2013

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Appendix D

Parties of Record

Judith Bader	jlynbader@gmail.com
Cally Fulton	cally@addresseattle.com
Debrah Walker	dlwakerarch@aol.com
Jeff Vittone	jeffvittone@gmail.com
Katie Kribbs	katiehenry2@gmail.com
Lina & Pablo Basilio	solyluna8589@hotmail.com
Morris H. Groberman	morris@northwestapartments.com
James McQueen	jimmcqueen40@icloud.com
Barbara McQueen	barbaramcqueen@msn.com
Patrick McQueen	patrick.mcqueen@lewisbuilds.com
Drenda Mathews	dguff@comcast.net
Alice Quaintance	a_quaintance@yahoo.com
Christy Shelton	christyshel@yahoo.com
Dustin Van Wyck	dustin@dustinvanwyck.com
Heidi Schor	hs@heidischor.com
Dan Travers	dtravers@seanet.com
Gregory Moss	gbm.moss@gmail.com
Tamara Broadhead	tbroadhead@comcast.net
Marilyn Raichle	raichlm@gmail.com
Robert N	robertn206@gmail.com
Zane Shras	zshiras@gmail.com
Pree Carpenter	pree.carpenter@seattle.gov