



INFORMATIONAL MEMORANDUM

TO: Finance Committee

FROM: Derek Speck, Economic Development Administrator

CC: Mayor Ekberg

DATE: February 14, 2018

SUBJECT: Potential Sale of City Properties

ISSUE

City staff is seeking Council approval of a process to sell three parcels of land the City owns which are located at 3747 South 146th Street (former Traveler's Choice motel), 12026 42nd Avenue South (former Allentown fire station), and the Longacres Parcel (north of Longacres Way).

BACKGROUND

This item is coming to Council at this time for three reasons. First, as part of the City's plan to fund the new public safety facilities, the City may want to sell other City properties. Second, some of the businesses who are located on the future Justice Center site have asked to purchase City property in that neighborhood. Third, the owner of the parcel of land adjacent to the City's Longacres parcel is interested in selling and has asked the City to sell at this time since buyers may prefer to develop both parcels at the same time.

DISCUSSION

The purpose of this agenda item is to seek Council approval of the *process* to sell the three parcels of land described in this memo. Once the Council approves the process, staff would solicit proposals and negotiate deal terms. If staff and the buyers agree to deal terms, staff would return to Council for approval to execute purchase and sale agreements.

3747 South 146th Street:

This parcel was formerly the Traveler's Choice motel (assessor parcel number 004000-0911). The City purchased the site in 2014 to reduce crime and completed demolition of the motel in 2016. In 2017 the City began using the site as a laydown yard for the South 144th Street project which will be completed soon. The City does not currently have a long-term vision for the site. At some point in the future, the City could use it as an incentive to encourage the privately owned adjacent parcels to redevelop in coordination with the City's values and vision for Tukwila International Boulevard. Some of the business owners located on the future Justice Center site have expressed interest in purchasing the property.

The site is currently zoned Neighborhood Community Commercial (NCC) and is over 26,000 square feet, cleared, level, and served by utilities at the street. Staff estimates the property would sell for between \$500,000 and \$700,000.

Staff recommends the selection criteria be based on price. The City could include additional criteria such as how well the buyer's intended use fits the City's vision for Tukwila International Boulevard, whether the property would be developed in conjunction with the adjacent parcel on Tukwila International Boulevard, whether the buyer's intended use would support small businesses or dislocated businesses, or buyer/developer experience.

12026 42nd Avenue South:

This parcel was formerly used as a fire station in Allentown (assessor parcel number 334740-0300). The City acquired the site in 1989 from the King County Fire Protection District #1 through annexation and has used it for storage for most of the time since acquisition. The City does not currently have a long-term vision for the site. Occasionally over the past few years, the City has been approached by persons interested in converting the property to residential use.

The site is currently zoned Low Density Residential (LDR) and is over 21,000 square feet, level, and served by utilities. The buildings are in need of considerable maintenance. Staff estimates the property would sell for between \$200,000 and \$300,000.

Staff recommends the selection criteria be based on price.

Longacres Parcel:

This parcel is a 100 feet wide strip of vacant land (assessor parcel number 242304-9034). The City acquired a portion of the site in 1998 to construct a convention center. The City acquired the remainder of the site through land exchanges to support the relocation of the Union Pacific railroad tracks in order to facilitate quality development around the commuter rail station. The City is currently using the site to store public works materials and does not currently have a long-term vision for the site.

A key reason to sell the property at this time is the owners of the adjacent parcel (assessor parcel number 242304-9137) have received strong interest from potential buyers and would like to sell their parcel. Given the size, shapes, and locations of the two parcels, Staff believes it is in the City's interest if both parcels are developed together.

The site is currently zoned Low Density Residential (LDR) and is over 138,000 square feet (3.18 acres), vacant, level, and served by utilities at the street. Given its location adjacent to I-405, the commuter rail station, and the Southcenter District, the site is in a desirable location. However, the desirability is limited by the adjacent railroad tracks due to noise and vibration. Over the past few years, Staff has been approached by potential buyers and believes that market demand is strong at this time. Staff estimates the property would sell for between \$2,000,000 and \$3,000,000.

Staff recommends the primary selection criteria be based on price with additional consideration for how well the buyer's intended use fits the City's vision for the Southcenter District and its ability to generate additional tax revenue for the City relative to the cost of providing service. A key condition of the sale would be the buyer's ability to execute a purchase and sale agreement with the adjacent property owner. Another key condition would be that any multi-family residential development would require at least 50% of the units be sold or rented at market rates.

In terms of the selection process, staff would market the properties by publishing a Request for Proposals in key regional publications, notifying local brokers, and other interested parties. Staff would evaluate proposals and return to Council seeking authorization to execute purchase and sale agreements.

The marketing and selection process could be completed within a few months and purchase and sale agreements executed this summer. Depending on the buyer's need for due diligence and financing, escrow could close later this year.

FINANCIAL IMPACT

This item would have no financial or budget impact at this time. If the City sells the property, it would receive revenue.

RECOMMENDATION

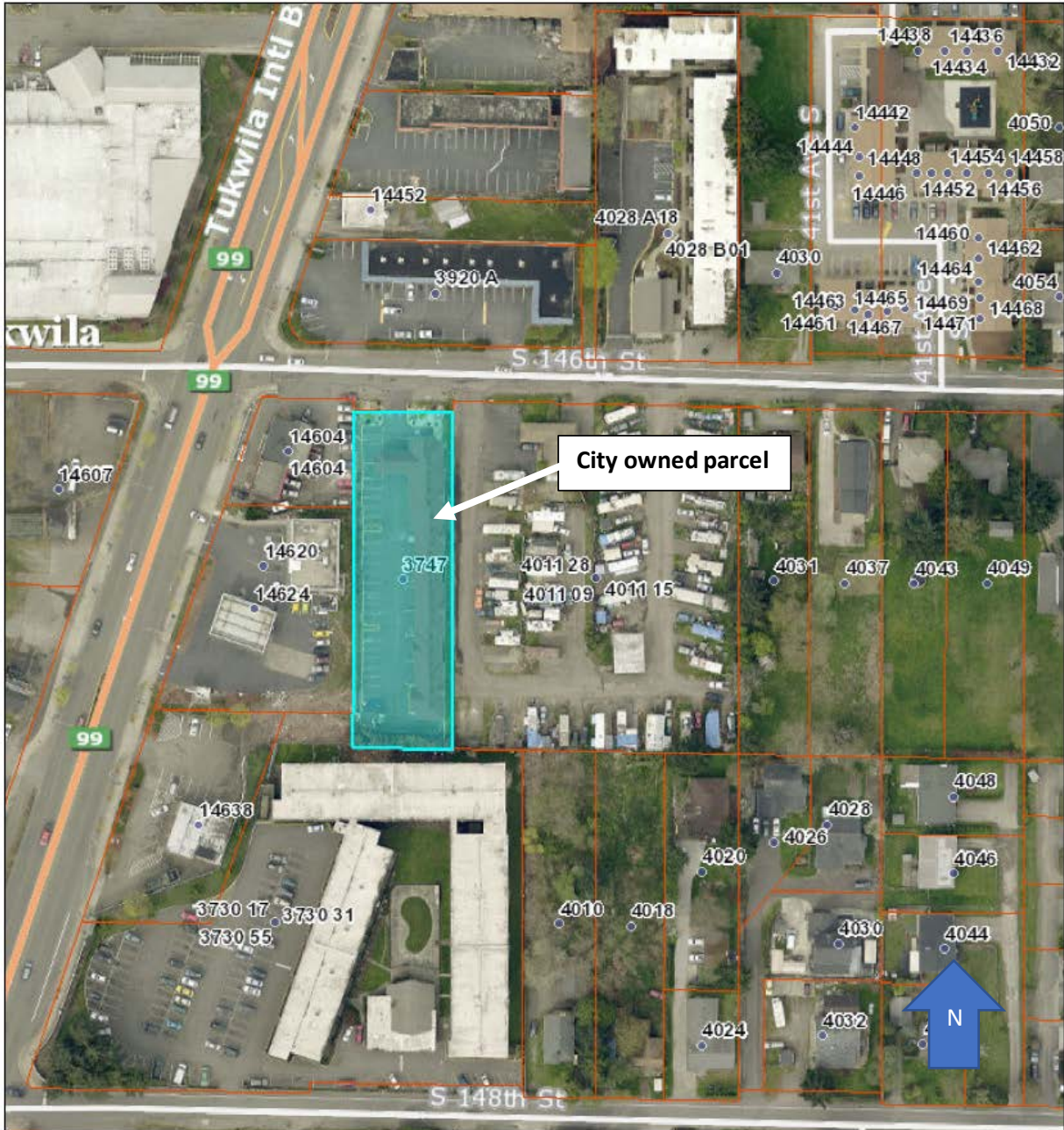
The Council is being asked to pass a motion approving the developer selection process as outlined in this memo and consider this item at the February 26, 2018 Committee of the Whole meeting and subsequent March 5, 2018 Regular Meeting.

ATTACHMENTS

- Map of 3747 South 146th Street
- Map of 12026 42nd Avenue South
- Map of the Longacres Parcel

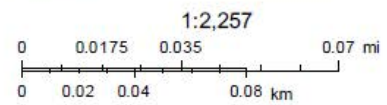
Attachment 1

3747 South 146th Street



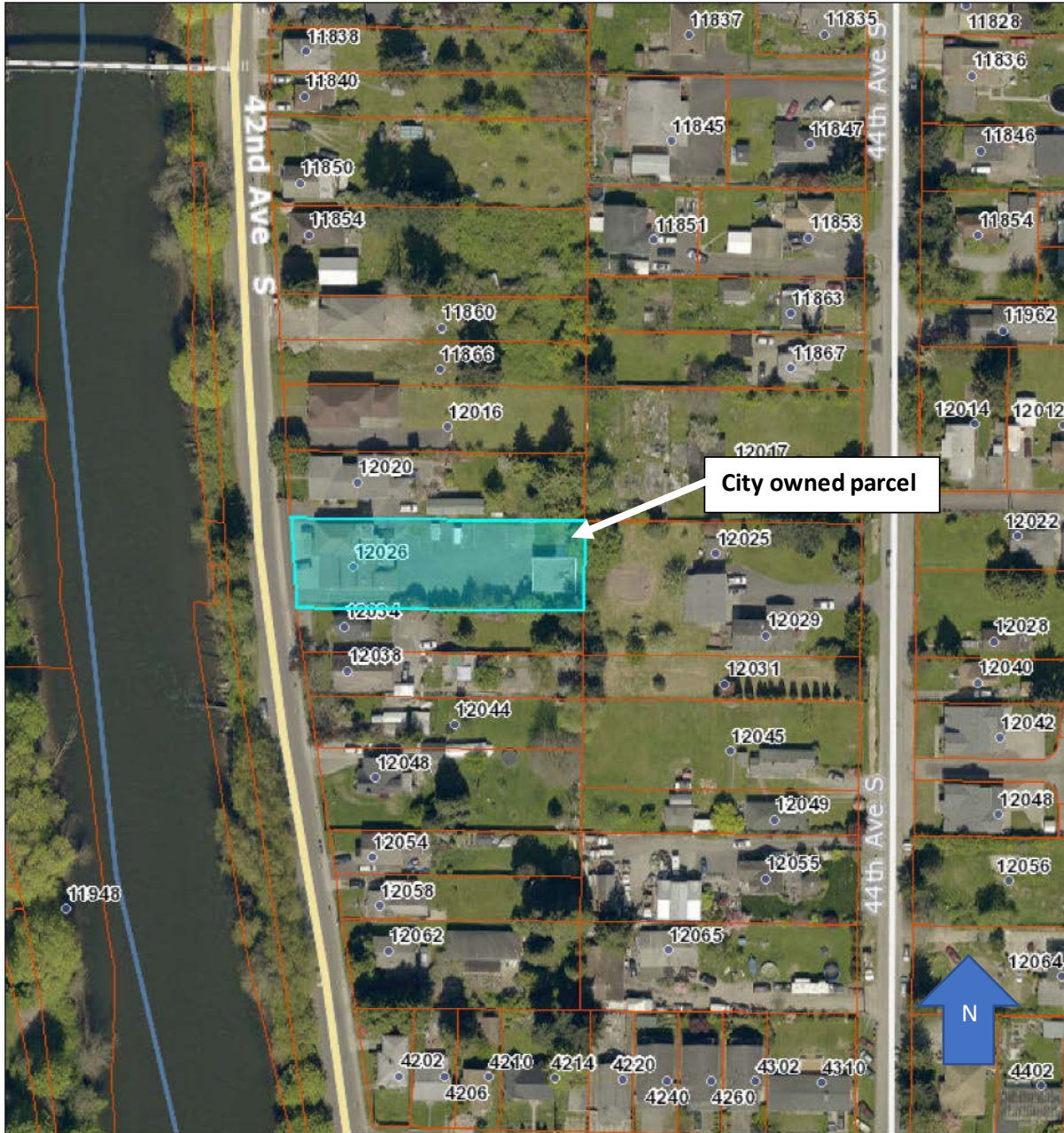
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- Addresses (Tukwila)
- ▭ Parcels



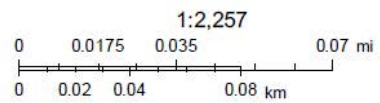
Attachment 2

12026 42nd Avenue South



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- Addresses (Tukwila)
- Parcels



Attachment 3

Longacres Parcel



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 Parcels

