

06/09/99

Em
Clerk 06/17/99

Introduced By: Rob McKenna
Cynthia Sullivan

Proposed No.: 1999-0339

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ORDINANCE NO. 13599

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AN ORDINANCE to allow fifty-year lease terms for transit oriented development projects on county-owned properties and seventy-five-year lease terms for properties leased to a public housing authority or nonprofit organization providing affordable housing; and amending Ordinance 12045, Section 17, and K.C.C. 4.56.180.

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PREAMBLE:

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A 1998 Budget proviso stipulated the creation of a transit-oriented development work group to be situated in the director's office of the department of transportation. This work group has, at the direction of the executive and council, been pursuing transit oriented development, which is housing and commercial uses in conjunction with transit facilities, in various, urban areas of the county on county-owned properties that may be sold or leased for such purposes. Much of this transit-oriented development will be located over, or in conjunction with, existing and new park and ride facilities or transit hubs.

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Properties that will be leased by King County for transit oriented development projects are expected to include substantial improvements involving structured parking and multiple housing units in most cases.

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When King County determines it to be in the best public interest, where county-owned property to be leased is improved or is to be improved, and the value of the improvement is or will be at least equal to the value of the property to be leased, the county may lease such property for a term not to exceed thirty-five years. However, properties that will be used for public recreation and police training purposes, for a hospital or a medical training and research facility, or for major airport, industrial, office or other commercial purposes requiring extensive improvements, are to be leased for a term equal to the estimated useful life of the improvements but not to exceed fifty years.

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According to RCW 36.34.135, counties may, by negotiation, lease county-owned properties for affordable housing for a term not to exceed seventy-five years to any public housing authority or nonprofit organization that has

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1 demonstrated its ability to construct or operate housing for low- and
2 moderate-income households or special needs populations.

3 In consideration of the mutual benefits to be derived to the lessor and lessee
4 of properties to be used for transit oriented development projects, it would
5 be in the best public interest to allow up to a fifty-year lease terms for
6 transit-oriented development projects and up to seventy-five-year lease
7 terms when the lessee is a public housing authority or nonprofit organization
8 providing affordable housing.

9 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

10 SECTION 1. Ordinance 12045, Section 17, and K.C.C. 4.56.180 are each hereby
11 amended to read as follows:

12 **Lease terms.** A. The county may lease real property for a term of years and upon
13 such terms and conditions as may be deemed in the best interests of the public and the
14 county. No lease shall be for a longer term in any one instance than ten years(~~(; provided,~~
15 ~~that)), except as follows:~~

16 1. ((w))When the county determines it to be in the best public interest, real property
17 necessary to the support or expansion of an adjacent facility may be leased to the lessee of
18 the adjacent facility for a term to expire simultaneously with the term of the lease of the
19 adjacent facility, but not to exceed thirty-five years(~~(; provided further, that));~~

20 2. ((w))When the county determines it to be in the best public interest, where the
21 property to be leased is improved or is to be improved(~~(;))~~ and the value of the improvement
22 is or will be at least equal to the value of the property to be leased, the county may lease such
23 property for a term not to exceed thirty-five years; (~~(provided further, that))~~

24 3. ((w))Where the property to be leased is to be used for public recreation and
25 police training purposes, for a hospital or a medical training and research facility, for the
26 county's own use pursuant to a lease/leaseback arrangement entered into pursuant to the
27 provisions of K.C.C. 4.56.160E or for major airport, industrial, office or other commercial

1 purposes or transit-oriented development, requiring extensive improvements, the county may
2 lease such property for a term equal to the estimated useful life of the improvements, but not
3 to exceed fifty years, unless the property is leased to a public housing authority or nonprofit
4 organization in accordance with RCW 36.34.135, in which case the term may extend to
5 seventy-five years; ((provided further, that)) and

6 4. ~~((1))~~ Leases entered into ~~((pursuant to the provisions of paragraph D of))~~ under
7 K.C.C. 4.56.160D may extend for the period of years necessary to amortize the special
8 purpose funds, not to exceed twenty-five years.

9 B. The lessee shall not improve or alter the leased property in any manner without the
10 prior written consent of the county, but shall, before making improvements or alterations,
11 submit plans and designs therefor to the county for approval. In the event that the plans and
12 designs are disapproved, such improvements or alterations shall be made only with such
13 changes as may be required by the county. Unless otherwise stipulated, all improvements or
14 alterations erected or made on the leased property shall, on expiration or sooner termination
15 of the lease, belong to the county without compensation to the lessee~~((; provided, however,~~
16 ~~that))~~, but the county shall have the option, to be exercised on expiration or sooner
17 termination of this lease, to require the lessee to remove any or all such improvements or
18 alterations. If the lessee fails substantially to make the improvements or alterations required
19 by the lease, the lease shall be terminated and all rentals paid shall be forfeited to the county.

20 C. Except for lease/leaseback arrangements entered into pursuant to the provisions of
21 K.C.C. 4.56.160E, any lease made for a longer period than five years shall contain
22 provisions requiring the lessee to permit the rentals to be adjusted and fixed by the county
23 every five years~~((; provided that))~~, but any lease may provide for more frequent

1 readjustments. When the lease permits the county to adjust the rent, the county will give the
2 lessee written notice of the adjusted rent, in accordance with the terms of the lease. The rent
3 as adjusted shall take effect thirty days after the date of the notice. Unless the lessee, within
4 thirty days following the receipt of the notice from the county, gives the county written
5 notice of his or her rejection of the adjusted rent, the rent as adjusted by the county will be
6 the rent for the appropriate period. If the lessee and the county cannot agree upon the rental
7 readjustment, the rent for the period will be adjusted by arbitration. The lessee and the
8 county will each select one disinterested arbitrator, and the two selected arbitrators will
9 select a third. If the two arbitrators have not selected a third arbitrator within thirty days after
10 the selection of the last selected of the two, either the lessee or the county will apply to the
11 presiding judge of the superior court in King County for the appointment of a third arbitrator.
12 Each arbitrator will be a member of the American Institute of Real Estate Appraisers, the
13 Society of Real Estate Appraisers or other appraisal society or association having equivalent
14 ethical and professional standards. If, in the future, a licensing requirement for real estate
15 appraisers is imposed by any legislative body, each arbitrator will also be so licensed. The
16 three arbitrators will determine a fair rent for the premises based upon the fair market rental
17 value of the property, as defined in K.C.C. 4.56.010. The decision of a majority of the
18 arbitrators will bind both the lessee and the county. At the conclusion of the arbitration, the
19 arbitrators will submit written reports to the lessee and the county. The cost of the arbitration
20 will be divided equally between the lessee and the county.

21 D.Except as provided in ((~~paragraphs D and E of~~) K.C.C. 4.56.150 D and E and
22 4.56.160D), the rent of all leases of county real property shall be based upon fair market
23 rental value, as defined in K.C.C. 4.56.010.

1 E. No lease shall be assigned or subleased without the assignment or sublease being
2 first authorized by the county in writing. All leases, when drawn, shall contain this
3 provision.

4 F. Notwithstanding the other provisions of this chapter, following such procedures as
5 may be determined appropriate by the council, the executive may enter into long-term master
6 leases of county property under which developers would develop such property into office
7 and other space required or approved by the county, would lease certain of such space back
8 to the county and may lease space unneeded by the county to private or public entities for
9 private or public uses as approved by the county council, and would convey all leasehold

1 improvements to the county at the expiration or termination of such master leases. Each
2 such master lease shall be subject to approval by the council.

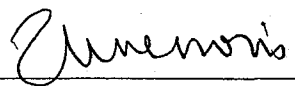
3 INTRODUCED AND READ for the first time this 21st day of June, 1999.

4 PASSED by a vote of 13 to 0 this 16th day of August, 1999.

5 KING COUNTY COUNCIL
6 KING COUNTY, WASHINGTON

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8 Chair

9 ATTEST:

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11 Clerk of the Council

12 APPROVED this 19 day of August, 1999

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14 King County Executive

15 Attachments: None