

WSDOT pays developer \$44.7M for land it needs for tunnel job

November 25, 2009

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The Washington State Department of Transportation paid \$44.7 million for two key parcels it needs for the Alaskan Way Viaduct replacement project.

WSDOT bought the two parcels, located at the northwest corner of First Avenue South and South Royal Brougham Way, from Seattle developer Greg Smith earlier this month. The land is just under four acres. The sale price equals \$258 per square foot.

The state will use the land to stage equipment and crews for constructing the tunnel that will replace the earthquake-damaged viaduct, said Ron Paananen, WSDOT's administrator of the \$4.24 billion viaduct and seawall replacement program.

Smith had been leasing the land for two years to WSDOT, which paid approximately \$5 million in rent. Paananen said the state tried to buy the land in 2007 from Smith, but Smith was not interested in selling at that time.

Smith, who declined to comment for this story, bought the land 10 years ago. In 2001, he announced plans to develop 1 million square feet of office space and later talked about a mixed-use housing development for the site.

In 2007, WSDOT paid Smith \$29.1 million for another 3.8 acres that are due west of the land the state purchased two weeks ago. All total, in sales and rent, WSDOT paid Smith \$78.8 million for the property he purchased in 1999 for \$10.25 million from Wosca Terminals.

The state acquired the 3.8 acres from Smith in 2007 using eminent domain. Condemnation was not used in the most recent purchase, however. Paananen said WSDOT's real estate services department appraised the property it bought earlier this month. The process included an internal independent review, he added.

Smith's decision to sell the two parcels earlier this month allows WSDOT to avoid lease payments into 2018, said Paananen, who added the state "will surplus the property once we are done with the (viaduct) project.