



March 29, 2023

TO:

Eastern Region Real Estate Services
Mega Projects Real Estate Services
North Central Region Real Estate Services
Northwest Region Real Estate Services

Olympic Region Real Estate Services
South Central Region Real Estate Services
Southwest Region Real Estate Services
Headquarters Real Estate Services

FROM: Kevin Workman, Real Estate Services Director *JKW*

SUBJECT: Surplus Property Valuation Policy Memo

Federal law 23 CFR 710.403(e) states that surplus property must be sold at current fair market value and “the term fair market value as used for acquisition and disposal purposes is as defined by State statute and/or State court decisions.” Washington State law RCW 47.12.063(3) states that the department may forego the auction process and sell surplus property to certain entities and persons at fair market value which includes abutting owners. On page 4-21 of the ROW Manual, A4-4.1(C)(2) stipulates the value method should be “an ‘across the fence’ approach when there is more than one abutter and no value enhancement to any abutter” and A4-4.1(C)(3) stipulates the value method should be “value enhancement to the adjoining owner” when there is only one abutter. This is inconsistent with the definition of fair market value per Washington Pattern Jury Instruction 150.08:

“Fair market value means the amount in cash that a well-informed buyer, willing but not obligated to buy the property, would pay, and that a well-informed seller, willing but not obligated to sell it, would accept, taking into consideration all uses to which the property is adapted or may be reasonably adaptable.”

In order to comply with 23 CFR 710.403(e) and RCW 47.12.063, all direct sales of surplus property shall be sold at fair market value as defined by Washington Pattern Jury Instruction 150.08. This policy supersedes A4-4.1(C)(2) and A4-4.1(C)(3) in the ROW Manual and HQ is in the process of updating the appropriate chapters of the ROW manual to reflect this policy change. Please distribute this memorandum to all Property & Acquisition Specialists in your office and call if you have any questions.