



Representative Examples of Public Policy Advocacy Successes Since September 2015

Seattle Comprehensive Plan's "Grand Bargain" Approved: 50,000 New Units Included

Despite a political culture and City Council that continues to march left and an environment in which facts have very little bearing on public policy and several councilmembers view the business community with contempt, SKCR was able to join with others in the real estate and business community and form a *Real Estate and Business Coalition* that achieved a major advocacy success to significantly increase the supply of housing in Seattle.

The "Grand Bargain" amendments to the City's Comprehensive Plan authorized the addition of 50,000 new housing units in Seattle over the next 10 years, 30,000 of which will be market rate units.

This major success was achieved despite the fact that many members of the City Council and the Mayor had initially responded to the City's housing challenges by reflexively turning to subsidy strategies (funded by a set of proposals to increase development costs and taxes) instead of focusing on increasing housing supply to moderate prices.

But the *Real Estate and Business Coalition* that the REALTORS® were able to help create developed viable supply-side solutions that were sufficient to pass political filters within the city. Importantly, the Coalition was able to convince the Mayor and Council to shift its approach from a new fee and subsidy-only model to one which ties new fees to new zoned capacity, enabling additional housing units.

The task was complicated by technology-related job growth, fueled in large part by Amazon, which continues to mask both the downside impacts of progressive policies and the need for moderate, thoughtful policy making.

Our success in Seattle in achieving the "Grand Bargain" had the added complexity that private sector victories at City Hall are seldom all-inclusive. Seattle wins often require difficult compromises. Some wins require extraordinary effort just to maintain status quo. To secure the 30,000 market rate units, the *Grand Bargain* includes the following compromises:

- Commercial linkage fee
- Residential mandatory inclusionary zoning in MF zones, once upzones are completed

- Expansion of the Multifamily Tax Exemption Ordinance
- Doubling of the Seattle housing levy
- Increase REET by .25%

REALTORS® opposed the increase in the REET, one of 64 measures included in the *Grand Bargain*. There is a consensus that a REET increase is unlikely given the current composition of the legislature. Moving forward, we will work with our real estate coalition and the larger *Grand Bargain* coalition to pressure the City Council to pass the upzones that will enable the 30,000 new market rate units. This will be no easy task and the new district-oriented members on the Council could make votes for increased density extremely difficult to secure. But the State’s Growth Management Act (GMA) requires the City’s zoning to match (follow and implement) the Comprehensive Plan which now includes the *Grand Bargain*’s provisions to facilitate the construction of 50,000 new housing units, and one of the options would be to ask the *Growth Management Hearings Board* to enforce state law.

Auburn: Code Changes Get Buyers Into New Construction Homes 1 to 3 Months Sooner

In the last several years SKCR has achieved numerous advocacy successes for the benefit of NWMLS members and REALTORS® when working with the City of Auburn. The most recent success involves a change in permit processing for subdivisions and will trim up to three months off the amount of time it takes to get keys into the hands of buyers.

The change the Auburn City Council approved involves the process for evaluating “Civil Plans” for subdivisions. It’s not a sexy topic, but it represents real progress that will make an important difference.

Typically, new subdivisions are reviewed in three general phases:

- (1) Preliminary Plat Approval
- (2) Civil Plan Review (followed by construction of permitted civil improvements), and
- (3) Final Plat Approval (followed by building permits and construction of new homes)

Prior to this change, Auburn’s code required an applicant wait until the Preliminary Plat was approved before they could submit plans (called “Civil Plans”) for the construction of the infrastructure that will serve the new housing. This created a delay while applicants waited to submit their “civil plan” application to the City for review. Now, instead of being required to wait, city staff will be able to accept the civil plans sooner. A minimum 4 week time savings is realized because a staff recommendation is issued approximately 2 weeks before the Hearing Examiner conducts a hearing on the preliminary plat, and the Hearing Examiner’s decision is generally rendered 2 weeks after the hearing.

An additional 8 weeks of time savings will be realized for some projects that are appealed, or where a request for reconsideration is submitted to the Hearing Examiner in instances where further clarification of the Examiner's decision is needed.

The code amendment supported by SKCR preserves the substantive requirements for subdivisions that developers must meet while still making the permitting process more efficient. Same standards, but a faster process. With the on-going *Housing Supply Crisis* continuing to make life difficult for families who need a place to live, getting more housing units to the market sooner is a big deal.

Auburn: Comprehensive Plan Changes Will Increase Housing Supply

Still another advocacy success in the City of Auburn involves Comprehensive Plan "update amendments" that were supported by REALTORS® and Masterbuilders and include up-zones to allow 40% additional density in R5 zones, a change in the way allowable density is calculated that will allow more homes to be constructed, and an emphasis on more diverse housing types, such as duplexes and townhomes:

1. The first of these changes supported by the REALTORS® involves the City up-zoning all land in the City that currently zoned R5 (*5 units per acre*). The density in the R5 zones will be increase by 40% to R7 (*7 units per acre*).
2. The City's allowable density will now be based on the "Gross Density" rather than "Net Density." The following example demonstrates the importance of this change: If a two acre property is zoned R7, under "Gross Density" 14 units would be allowed. But if 6/10th of an acre of the same property is unbuildable due to critical areas or other restrictions, only 9 units would be allowed. The additional units are accommodated through clustering or innovative housing types that allow critical areas to remain protected. In addition, the amendments authorize the City to provide bonus options in exchange for developers providing more amenities, such as trails and/or other multimodal, non-motorized connectivity.
3. The Comprehensive Plan changes also place an emphasis on more diverse housing types, such as duplexes and townhomes. This will be supported by allowing greater density in exchange for things such as high quality and innovative architectural design, greater neighborhood connectivity (paths, trails, etc.), community amenities (such as parks, public gathering spaces, etc.) and crime prevention through environmental design. These changes help to promote more single family detached housing and a need for less traditional housing, such as accessory dwelling units, cottage housing, townhouses, apartments and condominiums. It also supports a "broader mix of affordability in all of Auburn's residential and mixed use neighborhoods."

REALTORS® and Rural Residents Win Fight Against New Annual Septic Fee:
Public Health - Seattle & King County and the King County Board of Health Back Down

Seattle King County REALTORS® played a central role in bringing together a grass movement that defeated a proposed \$40 fee on property owners with on-site septic systems. The movement turned-out thousands of rural residents and caused *Public Health - Seattle & King County* and the *King County Board of Health* to withdraw the money grab proposal that was nothing more than new tax to expand a local government bureaucracy.

Fecal bacteria have been detected in Puget Sound. *Public Health – Seattle & King County* used that fact to try to justify a new annual fee on the owners of on-site septic systems. Problem is, they didn't have any good answers, or good data, for the Public Records Requests and thoughtful questions from REALTORS® and rural residents who responded en-mass and forced officials at King County to back down.

The following are just some of the problems highlighted by REALTORS®, rural property owners and elected officials who know a thing or two about septic systems:

- There is no credible data to indicate the on-site privately owned septic tanks in King County are the source of, or even a significant contributor to, the fecal bacteria in Puget Sound. In fact, recent data from just one of the two sewer plants in King County indicated that sewer system overflow events – not septic systems – dumped more than one billion gallons of sewage into the Puget Sound in a single year. That's enough sewage to fill both of the Ballard Navigation Locks 26' deep with sewage more than 70 times, and then flush it into Puget Sound.
- The EPA has indicated that years of scientific studies demonstrate on-site septic systems are far better for the environment than sewer systems.
- The proposal wasn't about actually solving the problem of fecal bacteria in Puget Sound. Huge portions of the funds would have been used to hire office staff, and the number of inspectors would be woefully insufficient to implement an inspection program for the tens of thousands of septic systems in the county. For that reason, some members of a Stakeholder Group assembled by *Public Health* said the \$40 fee would likely balloon to \$300 - \$400 annually, per septic system.
- The proposal – referred to by opponents as the “turd tax” and the “poop tax” - would likely face considerable legal challenges, in part because the County would require property owners to allow County-approved surrogates to enter private property to conduct inspections/searches without reasonable suspicion, without probable cause, and without a warrant.

On Site Septic Systems: Another Win Involving “As Built Drawings” for Home Sales

Within weeks after *Public Health - Seattle & King County* and the *King County Board of Health* backed down from the proposal for a new annual fee on property owners with on-site septic (OSS) systems, REALTORS® achieved a second advocacy success involving *Public Health - Seattle & King County*.

When a homeowner wants to sell a property that has an OSS system, they are required to have a septic system company conduct an inspection of the system, including comparing the “as-built” drawing of the system’s location with the location of other improvements that are present on the property. “As-built” drawings for most existing OSS systems are on file with the County. Some are available on-line, but thousands of others are stored on microfiche.

Doug Jones (an Environmental Health Investigator with Community Environmental Health Services for On-site Sewage System Operations and Maintenance at King County) sent out an e-mail to the “Pumper-Haulers and On-site System Maintainers” who perform those inspections. Jones’ e-mail said,

“...the microfiche printer is broken. Due to the age of the machine, the service company cannot locate a replacement part. King County IT is working to have all scanned images available online. The project involves tens of thousands of records that must be matched to a parcel number and indexed. There is no indication as to how long this will take, but it will likely be a considerable period of time. What This Means: Currently, OSS records that are not available online cannot be accessed.”

The claim, and the actions of County staff, created huge problems for NWMLS members, REALTORS®, sellers and buyers for two reasons:

- (1) If the “as-built” drawing on file with the County is not available, the septic firm must prepare a new “as-built” drawing, typically at a cost to the seller of \$450 - \$700, and
- (2) the time it takes to prepare an accurate new “as-built” drawing can delay the transaction, or in the worst case might kill a transaction.

Within two days SKCR had fully engaged on the issue, contacted elected officials at King County and the Legislature, obtained “horror stories” from Brokers in Maple Valley about the problems being created for REALTORS® and sellers, drafted the content for a new public records request, prepared a list of pointed questions for the County to try to get to the bottom of the issue, and was collaborating with OSS owners.

The REALTORS® bright spotlight revealed the truth: **Jones’ claim on behalf of *Public Health* was not accurate.** How do we know that for a fact? Because *Public Health - Seattle & King*

County Director Patty Hayes sent an e-mail to the “septic professionals and customers of King County Public Health’s Onsite Septic System program” that stated in-part:

“I am contacting you today with an apology for an email sent to you last week regarding OSS requests for as-built/record drawings. The email suggested that, due to IT issues, OSS records are not accessible. The email was just brought to my attention and I want to let you know that this statement is not accurate and the tone of the email does not reflect King County’s approach to customer service...I want to assure you that King County Public Health will continue to process requests for OSS as-built/record drawings, and as I write this, we are getting our systems back on line. Furthermore, we are identifying back up strategies to ensure we support all requests in a timely manner. I apologize for any inconvenience this may have caused, and am happy to answer any questions you may have.”(emphasis added)

The disclosure by *Public Health* Director Hayes was taken by some rural residents as confirming their suspicions that the harm being inflicted on sellers with an OSS system was an effort within *Public Health* to take advantage of a brief technical glitch to inflict extended retribution in response to the broad-based opposition to the proposed new \$40 fee that the County had been forced to withdraw.

Betsy Howe, who has emerged as a regional watchdog and property rights advocate in connection with OSS systems, and who created a new grass roots committee (COOM-WA) to further those efforts, described this second victory as follows:

“King County claimed they could not access As-Built drawings required for inspectors to permit home sales. They required a new As-Built to be drawn and submitted, costing the seller time and money. Within 2 working days, access was amazingly available! During those 2 days a lot of pressure was put on King County staff and elected officials by COOMWA and the Realtors Association. We openly questioned the possibility of retribution. We are being heard! “

Kent: Extending the Period of Time That New Plats Are Valid

No matter what kind of housing units are built, or where in King County they are located, every single new home is important for REALTORS® and NWMLS members because it helps to minimize the gap between the supply of housing, *and the actual demand for housing*, that is pummeling buyers in this real estate market. So REALTORS® supported action by the City of Kent that will make it possible to bring 100 more housing units to the market sooner, and at lower development costs, by avoiding the necessity for the projects to go through the permitting process a second time.

With the recession - and the accompanying stranglehold on construction financing for homebuilders - some plats that were approved by cities years ago have still not been built. If those approvals expire, the development application is required to be re-submitted, with redundant fees, redundant reviews, and redundant technical studies. That's expensive for builders and buyers, and disruptive for cities. Often, some redesign of the project is also necessary. A new public notice, and new public hearing, is also required.

The action by the City of Kent takes advantage of an opportunity – but not a requirement – in state law that allows cities to extend the length of time plats are valid. Kent has six plats (that were approved in 2008) that were scheduled to expire in 2016. A total of 100 new lots are proposed in these plats. Extending the validity period for these lots helps to ensure the homes are able to make it to the market under existing permits.

Kent: Accessory Dwelling Units

Kent revised the Accessory Dwelling Unit (ADU) provisions in Title 15 of its development code to provide more uniformity in how ADUs are regulated, regardless of whether they are located inside a home, in an attached structure, or in a detached building.

The regulations also contain functional limitations on bulk, footprint, height and building materials to help ensure that new ADUs are not out of character with the primary home, or the neighborhood, and are limited to one ADU per primary home. Those regulations should help to avoid, or at least minimize, neighborhood objections to ADUs. The City also provided that ADUs do not count against maximum density standards.

Kent: New Help For Sellers Whose Property Is Located Near Dangerous Buildings

The City of Kent approved code changes that create an additional, and more financially powerful, enforcement tool for the City to use in connection with code violations involving “unfit dwellings, buildings, and structures.”

The amendment to the City's code is important for real estate brokers who want to list a nice home in the vicinity of another building or property that is a dangerous eyesore, and who need the offending property cleaned-up or abated. It's also good news for homeowners who are living next door to the danger. But for slumlords who own the property next door, not so much.

It costs the City money to go after slumlords and other property owners who have structures with serious code violations that threaten the safety of the neighborhood. Prior to this change the City could attempt to recoup abatement costs from the owner by filing a lien against the property. However, abatement liens are typically “junior” (lower priority) to other creditor's liens, and are

not typically an effective means for the City to recover its costs. Accordingly, if the City chose to abate a dangerous situation the abatement costs would typically be paid from the City's general fund and thus seldom recovered. Because of this limitation, it has been historically rare for the City of Kent to undertake direct abatement of "unfit dwellings, buildings, and structures."

But now, the City can add the cost to the annual tax rolls of violating properties. If unpaid, the abatement costs have top priority for payment, just like unpaid taxes.

The City was able to improve its code due to RCW 35.80 which provides cities, including Kent, with an opportunity to more reliably recoup costs associated with abating dangerous dwellings, buildings and structures. The state law:

- Contains significant "due process protections" for the owners of properties in violation.
- Requires the City to implement a process that ensures every reasonable step has been taken to achieve voluntary compliance.
- Provides clear definitions of dangerous problems, and mandates owner notification requirements, formal meeting requirements and appeal processes that must all be established to ensure that owners are well-informed of their obligations and have time to act before the City adds abatement costs to their property tax bill.

In a cash-strapped City like Kent, the ability to recoup enforcement costs will make it easier for the City to take enforcement action when it receives a complaint involving dangerous buildings from a REALTOR®, NWMLS member, seller or owner.

**Kent: REALTORS® Work With Chamber of Commerce to Restrain B&O Tax
(We keep winning, but like a "Swat the Alligator" arcade game, the Mayor
keeps trying to increase the B&O TAX and divert it to other purposes)**

The City of Kent's B&O tax – which is assessed against REALTOR® commission income – was adopted by the City Council two years ago based upon the City's assertions that key roadways were declining because of commercial traffic. The City said that without a new B&O tax on businesses, repair of the roads would continue to be deferred, that roads repairs would become more expensive, and this could eventually lead to an entire road replacement. The City said the situation was so dire it was even looking at closing down key roads needed by businesses.

However, because the City was hemorrhaging money to keep-up with debt payments due on the City's Showare Convention and Hockey facility in downtown, the city council passed an ordinance that diverted portions of the B&O tax collections away from the urgent transportation projects for which the city promised the funds would be used. Instead, over a two-year period,

B&O tax collections above \$5.4 million (representing \$700K for staffing costs to administer the B&O tax program, plus \$4.7 million for roads) was diverted to Showare Center debt service.

By working with the Chamber of Commerce, REALTORS® were able to obtain a sunset on the diversion of those B&O taxes, and was also able to have the Council defeat multiple proposals by the Mayor's office to increase the B&O tax.

The fight to protect these victories - and NWMLS members and REALTORS® - continues. That's because the Mayor has again proposed B&O tax funds be diverted away from street projects, and instead used for city expenditures that have nothing to do with the city's crumbling roads, which the B&O Tax was intended to address.

The move is concerning to REALTORS® for two reasons:

1. It is not what the City Council promised. It's not consistent with addressing the urgent transportation needs that caused the City to impose a B&O tax in the first place.
2. The City appointed a *Financial Sustainability Taskforce* to identify Top City Funding Priorities, and sustainable ways for the City to fund them. Parks was not even listed in the top 5 priority areas for the City of Kent by the City's own Task Force.

Maple Valley: Comprehensive Plan Update Adds More Housing

REALTORS® worked successfully with brokers and members of the Maple Valley Planning Commission to support new comprehensive plan designations to allow housing on some of the last major parcels of land in the City. The property is known commonly as "The Brandt Property."

As part of the state-mandated update of the City's Comprehensive Plan, the Planning Commission recommended that the commercial designations for the property be changed from industrial/commercial to Mid-to-High Rise housing, with corresponding zoning that would include some senior housing in order to diversify the housing opportunities in the City while also minimizing traffic congestion and impacts on the Tahoma School District. The district is in the middle of constructing new schools to try to keep up with growth in the area.

Despite having the industrial/commercial designations in place for nearly a decade, and despite aggressive efforts to do so, the City and the property owners were unsuccessful in attracting acceptable new businesses to the property. In addition to providing more diversity in housing opportunities, changing the land use designation and zoning to residential adds more household incomes to the city limits, thereby increasing the sales tax revenue the City urgently needs going forward.

Covington: Success Advocating for More Housing - Defend Win Against PSRC

The City of Covington approved amendments supported by REALTORS® to increase the supply of new homes as part of the City's update of its Comprehensive Plan. The primary focus of those amendments is two destination centers: *The Town Center/Downtown*, and the *LakePointe Urban Village* which was the subject of the Hawk Property Annexation supported by the REALTORS® and approved by the Washington State Boundary Review Board on January 26th.

Both centers focus on promoting mixed-use development to allow people to live, shop and work while reducing vehicular traffic. Consistent with GMA's Housing Goal, the City's plans for the two destination centers "encourage the availability of affordable housing to all economic segments of the population...promote a variety of residential densities and housing types, and encourage preservation of existing housing stock."

The *LakePointe Urban Village* will become the northern gateway to the city of Covington. The City anticipates the project will serve as a retail center, urban park and community gathering place. In addition to 1,500 new homes, *LakePointe* will also include restaurants, entertainment venues, hospitality, professional and healthcare services centered around a 20-acre lake that was the former site of the Lakeside gravel pit.

Despite the City's desire to move in a direction supported by REALTORS® and Masterbuilders, the City's efforts to accommodate more housing has been resisted by the *Growth Management Policy Board* of the *Puget Sound Regional Council* (PSRC). The PSRC is the entity responsible for distributing transportation funding to cities and counties. But the PSRC threatened to withhold that transportation funding from small cities – and Covington in particular - that PSRC believes are accommodating too much housing, even though the region has the most severe housing shortage in many, many years. The PSRC's threat could even affect state transportation funds specifically ear-marked by the State Legislature for Covington to improve SR 516 - Kent Kangley Road east of the City's Downtown where a concurrency moratorium has prevented new housing construction for several years.

To support the City of Covington, SKCR provided both the City and the PSRC staff with real estate market data demonstrating the need for the housing, submitted written comments to the PSRC, testified before the PSRC's *Growth Management Policy Board*, assisted a coalition of small cities that have been similarly targeted by the PSRC, worked with news media to obtain "earned media" coverage of what the PSRC was up to, and made it clear that if litigation to the *Growth Management Hearings Board* was required the REALTORS® anticipated being at the center of the fight to help the cities. In response, the PSRC begrudgingly relented and provided a path forward for Covington to implement the Comprehensive Plan amendments that authorize construction of *The Town Center/Downtown* and the *LakePointe Urban Village*.

SeaTac: City Increased The Number of Lots Allowed in a Short Plat

With strong support from Seattle King County REALTORS®, the SeaTac City Council amended the City’s development code to increase the number of lots allowed in a short plat from 4 to 9. The change is important because “short plats” (also known as “short subdivisions”) are less expensive, and review of development applications for short plats is faster than development reviews for “long subdivisions.”

This new change by SeaTac complements action taken by the City last year to adopt short plat “categorical exemptions” to requirements in the State Environment Policy Act (SEPA) without compromising or lessening either environmental quality or environmental protections.

In expressing support for the change to Title 14 the REALTORS® noted that allowing 9 lots in short plats would result in the following benefits: Lower application fees for applicants, quicker processing times, no public hearing requirement (saving time for both city staff and applicants), no SEPA process required (saving more time and fees), and increasing the number of lots allowed in short plats could stimulate more infill development.

Moreover, when the streets within the short plat are privately owned (which is often the case), the land area devoted to access easements is allowed to be included in minimum lot size calculations to determine if the lots meet minimum size requirements. The result (at the margin) is that such short plats actually result in greater density of infill development than would otherwise occur, thereby lessening pressure over-time for the City to adopt zoning that replaces the existing character of other neighborhoods with more dense re-development in order to achieve GMA growth goals and Growth Management Housing Targets.

Mercer Island: SKCR Advocacy Efforts Help Defeat A Proposed Moratorium

Seattle King County REALTORS’® comment letter, call to action to 150 REALTORS® who live on Mercer Island, and this year’s President-Elect Sam DeBord’s testimony to the City Council helped defeat a proposal for the Mercer Island City Council to impose a 6-month building moratorium that would have prevented property owners from filing applications for subdivisions and applications for lot coverage deviations. Instead, the City Council directed staff to undertake a major rewrite of Mercer Island’s single family code beginning in late 2016.

If passed, the 6-month moratorium could have been extended multiple times at the discretion of the City Council. The ability to purchase single-family homes would have been further limited by a moratorium preventing single family housing inventory from reaching the market.