Issues & Impacts

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A quarterly publication produced by Seattle King County REALTORS® to inform members about currently issues and successes within the Goverment Affairs Department.

Mayor Harrell Announces ADU Proposal

In September, Mayor Bruce Harrell announced a package of new legislation to streamline the permitting process and increase production of accessory dwelling units (ADUs) in Seattle, creating more diverse and affordable housing opportunities.



"Making progress on Seattle's urgent housing affordability needs requires not only increasing overall production, but increasing the diversity of housing available," said Mayor Harrell. "ADUs are a key element of our One Seattle Housing Agenda as an efficient, sustainable option to address the housing

shortage while also creating new opportunities for first-time homebuyers, multigenerational living, age-friendly housing, and financial stability for homeowners while also preventing displacement. Seattle's ADU ordinance is one of the most progressive in the country, and this forward-thinking proposal will enhance it to create more flexible living options and inclusive, vibrant communities throughout our city."

The new proposal includes legislation to update Seattle's existing ADU code in compliance with HB 1337 ahead of the state's June 2025 deadline. Building off existing code in Seattle's Neighborhood Residential Zones, this bill will standardize the ADU code citywide, allowing two ADUs per lot and dual detached accessory dwelling unit configurations across all residential zones. It also includes more flexible design standards for ADUs and exempts them from street improvement requirements, which can add significant additional costs.

In addition to adopting the provisions set out by the state, a companion bill will also be transmitted early next year following SEPA review to further incentivize the production of ADUs in Seattle. The companion legislation is expected to:

- Encourage more family-sized homes: Increases the maximum ADU size to 1,500 square feet to allow for the construction of 3-bedroom ADUs.
- Expand homeownership opportunities: Simplifies ADU sales by reducing the need to form an HOA.
- Preserve existing homes: Allows exceptions to certain design standards if the principal unit is retained and does not count ADU construction toward the substantial alteration threshold.
- Make it easier to fit a second ADU: Provides more building separation and attachment options, such as allowing AADU attachment via breezeways, which can offer more flexibility on unusually shaped lots.

Since Seattle reformed its ADU rules in 2019 to make it easier for homeowners to build ADUs in residential areas, permitting has surged. A recent analysis from the Office of Planning and Community Development (OPCD) found that the City issued 987 permits for ADUs in 2023, a fourfold increase over 2018 permitting levels.

However, ADU permit applications have fallen this year by nearly 40% compared to the same period in 2023, as interest rates hit a 20-year peak. The new incentives will remove regulatory barriers to help make the construction of ADUs more feasible for homeowners, while remaining consistent with Seattle's building code, short-term rental code, and tree code.

Following SEPA review, the legislation to bring Seattle's ADU code in compliance with new state requirements will be transmitted to the City's Council's Land Use Committee and heard after the budget. The companion legislation is expected to be transmitted early next year.

"Rent-Back" Protection Following Closing

In 2023, REALTORS[®] won an important victory when the legislature exempted short-term seller rent-back agreements from the coverage of the Washington Residential Landlord-Tenant Act (RLTA).

However, a trial court eviscerated the exemption in Federal Way where voters approved eviction protections for tenants that are broader than renter protections in state law.

As a result, earlier this year when Tukwila was considering opportunities for expansion of tenant protections, SKCR weighed-in with the Planning Commission and staff. We explained the importance of not exceeding the scope of state law when defining "just cause" evictions. Our admonitions were well-received.

We were especially encouraged because Tukwila, Burien and SeaTac have been at the forefront of efforts in South King County to expand tenant protections, apparently not realizing the potential negative impact on buyers and sellers in real estate transactions, as well as the potential for consequences on city REET revenues if transactions are delayed, or sales fail.

Now, there is more encouraging news: In a case involving Auburn's rental protections, the Wash-

ington state Court of Appeals ruled recently that eviction protections in Auburn are invalid because they place limits on landlords that are more onerous than state law.

The case, Valley Cities v. Eddines (#84964-6-1), involved a holdover tenant who was no longer eligible to continue renting subsidized housing because he had completed a training or educational program. Valley City sought to evict him under the RLTA, and the tenant refused to vacate based on Auburn's ordinance. But the Court of Appeals said, "...Because the city ordinance categorically forbids what state law permits, the superior court correctly concluded that the ordinance is preempted by state law."



Read more about the 2023 "rentback" legislation in our online News Center.

Woodinville Landlord-Tenant Issues

The City of Woodinville is exploring whether to add a set of tenant protections similar to Kenmore, Redmond, and Shoreline. Action is expected by the end of the year.

SKCR's goal is to seek a balance balanced approach to landlord tenant regulation that does not unduly burden landlords who own a small number of units, many of whom are our members and/or for whom our members work.

SKCR is urging restraint and cautioning that added regulations will create disincentives to operating rental property and lead to increased rents. Particularly hard hit will be small, mom-and-pop landlords who own 1–5 units. Disruption in rental income places tremendous financial strain and uncertainty for many of these small owners since the mortgage, property taxes and utility bills are due regardless of rental income.

Schools and Public Safety

REALTORS[®] know "strong schools" and "public safety" are two of the most important factors homebuyers consider when looking for a home in a neighborhood they can afford.

Our primary focus remains fixed on "housing supply" and "affordability" because that's where RE-ALTORS® can provide unique expertise. Even so, "quality schools" and "public safety" affect quality-of-life in the neighborhoods we sell, and where our REALTORS® also live. So we welcome the opportunity to collaborate with others who share our values on these important issues.

In this regard, as the two Chamber of Commerce Legislative Coalitions in King County work to develop their legislative agendas for the 2025 session in Olympia, our REALTORS® are:

- Advising the Chambers on critically important Housing issues, and
- Collaborating on efforts to identify:
 - Ways to improve outcomes of Behavioral Health programs, and
 - New metrics for implementing "compassionate accountability" to address dramatic increases in serious juvenile crimes.

In the meantime, we are also keeping a close eye on numerous lawsuits involving the anti-camping ordinances being adopted by cities.

Quality Schools

Funding for the operation of K-12 schools is the "paramount duty" of the state. But state funding has not kept pace with inflation since the Supreme Court's 2012 McCleary decision, so local school bonds and levies take on heightened importance. Several districts in King County sought-out REAL-TOR® support of their requests on the November ballot for voter approval of local funding. In response, our Government Affairs Committee met with education advocates and officials, and took a close look at the proposals. We endorsed school district funding proposals from Lake Washington (school levy), Issaquah (school modernization and construction bond), and Kent (capital projects and technology levy), and encourage voters to approve these measures.

Public Safety

Currently, the two Chamber of Commerce Legislative Coalitions in King County (Eastside & South Sound) are developing their policy agendas for the 2025 legislative session. Public Safety is a key concern in three regards: Juvenile Crime, Behavioral Health, and Homeless Camping.

Juvenile Crime

In late September, four south King County mayors (Auburn Mayor Nancy Backus, Federal Way Mayor Jim Farrell, Kent Mayor Dana Ralph, and Renton Mayor Armando Pavone) published a joint Op-Ed in the Seattle Times expressing their frustration with what they described as a "staggering rise" in juvenile crimes during the last two years, disclosing that juvenile crime increased 28.4% in Auburn, 126% in Federal Way, 73% in Kent, and 140% in Renton.

Some of those crimes involve adolescents as young as 10, 11 and 12-years old.

Separately, after a juvenile committed murder, Mayor Backus complained publicly that it takes 5 gun-related violations before juveniles face any significant actions by the court system to hold them accountable. Backus has scheduled a series of Town Hall meetings - called "SAFE AUBURN: Community Conversations" - to seek the public's help in turning-around the situation.

The mayors were clear that they are not focused solely on punishment, and acknowledged the problem is complex and layered. But they expressed concerns about:

- Removing accountability within the legal system,
- The real injuries and damages sustained by victims because of re-victimization when there is no accountability,
- The need for concrete metrics to measure

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Schools and Public Safety

compassionate accountability, and to expect that all juvenile detention and reform programs gather and report the metrics,

- Strategic up-stream effective intervention when children are at risk, or struggling, before criminal behavior becomes part of their story,
- The necessity for detention as a part of compassionate accountability, with progressive consequences for criminal activity, and
- The need for the state to assure the availability of longer-term detention for minors who will be detained more than 30 days, which is a state responsibility.

Behavioral Health

The complexity of behavioral health and addiction challenges that present risks to individuals and communities require new solution-based initiatives that extend beyond just expanding law enforcement support, or increasing criminalization or penalties. Behavioral health facilities King County have identified actions that may assist with public safety challenges involving behavioral health and addiction, including:

- Mandatory Assessment for Multiple Overdoses (like the process for suicide attempts). Such assessments by qualified healthcare professionals may ensure proper evaluation of ongoing treatment and intervention options to prevent repeated episodes.
- 2. Extend Addiction Holds to provide parity between involuntary addiction and mental health laws. Currently, medical hospitals may involuntarily hold patients needing psychiatric assistance until an appropriate psychiatric bed is available. The same is not true for individuals needing involuntary addiction treatment under Ricky's Law.
- 3. Adequate Staffing of Designated Crisis Responders (DCRs) Based on Population Needs. This would ensure every individual in crisis receives timely intervention, promoting better outcomes for both patients and communities.
- *4. Implementation of the IMD Waiver to Address Bed Shortages*

Anti-Camping Ordinances

Initially, two federal court cases (Martin v. Boise & Johnson v. Grants Pass) severely restricted the ability of cities to use anti-camping ordinances to respond to homeless challenges when attempting to get individuals into treatment, and to protect communities. The 9th Circuit (which includes Washington) said city ordinances violated the 8th Amendment as "cruel and unusual punishment." But the U.S. Supreme Court (SCOTUS) eventually overturned the 9th Circuit, upholding cities' regulatory authority.

In the meantime, several lawsuits were filed, some of which are still pending:

- Three plaintiffs sued Burien, claiming the city's anti-camping ordinance unconstitutionally banished them from the city.
- Subsequently, Burien beefed-up its anti-camping ordinance, which the King County Sheriff declined to enforce. Instead, the Sheriff (who provides contracted police services to the city) filed a federal lawsuit requesting a declaratory judgment on the constitutionality of Burien's ordinance. Lacking merit, her lawsuit was dismissed before trial. Burien responded with a breach of contract lawsuit against the Sheriff, which is pending.
- More recently, Burien was sued for requiring the Oasis Home Church to obtain a conditional use permit for the church's temporary Sunnydale Village homeless encampment on church property. When the church declined to submit a permit application, the city began assessing (unpaid) fines of \$250 per day - now totaling \$100,000+. The Church and its pastor have filed pending litigation seeking clarification, and attorney fees, in anticipation of creating an additional encampment on church property.
- Separately, the ACLU has filed litigation challenging Spokane's camping ordinance based on language in the Washington State Constitution (which is different than the U.S. Consti-

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Schools and Public Safety

tution's 8th Amendment verbiage). The city's ordinance authorizes fines and jail time for camping violators.

In the meantime, other cities are also updating their anti-camping ordinances in the wake of the SCOTUS decision in the Grants Pass case.

For example, Auburn's city council approved an amendment to its existing camping ordinance, effective October 1, 2024. It makes camping on all public and city property illegal. City officials say the changes will be strictly enforced in parks, critical environmental areas, wetlands, and on other city-owned properties. Under the ordinance:

- No camping is allowed on any city property, unless previously permitted, or using the camp facilities at a Game Farm Park Campground site after paying the required fees
- No camping in critical habitats and wetlands (to protect those areas from damage), and
- Parks will be closed for all activity during nighttime hours (dusk to dawn).

City officials say the changes are designed to protect "community spaces, environmental areas, and ensure Auburn remains clean and safe for everyone."

ADUs and Middle Housing

Seattle King County REALTORS[®] is working throughout the region to encourage cities to adopt flexible and bold comprehensive plan policies to not just accommodate, but encourage ADUs and middle housing in their cities, in compliance with HB 1110 and HB 1337.

We are encouraging policy makers to view increased housing supply through zoned density as the first and best strategy to make housing affordable, underscoring that until we better balance supply and demand, affordability will remain unachievable. ADUs and middle housing type like duplexes and triplexes can add greatly needed housing supply while maintaining the look and feel of the neighborhood.

Recognizing that middle housing must deliver solutions for young families seeking to begin building home equity, SKCR is encouraging larger, family-sized units.

For middle housing to be successful, it needs to be buildable—the regulatory environment will need to be understandable, predictable, and timely.



Kittitas County Homeowners' Insurance

Kittitas REALTORS[®] identified an emerging issue involving lack of access to homeowner insurance for (a) homeowners needing to renew their coverage, (b) buyers purchasing a property, and (c) properties previously insured under homeowner insurance policies that have expired or been canceled.

Increasingly, wildfire-related losses on properties, or multiple catastrophic losses in the general area, are placing access to insurance beyond the reach of property owners. In some respects, the situation resembles coverage issues in California where insurers have pulled-out of wide areas with current or recent wildfire claims that produced—or have the potential to produce—insurance company losses that exceed reserves.

But it's not just a Kittitas County concern: Both insurance companies and land use regulators have begun focusing on wildfire risks in heavily treed suburban and urban fringe areas.

In response to the concerns identified by our Kittitas County members, SKCR brought together policy and subject matter experts at SKCR, Washington REALTORS[®], and NAR.

The result of those efforts is that:

 NAR is providing \$25,000 in Consumer Outreach Grant funding for a Consumer Education Campaign to help residents of Kittitas County understand options to address the issue, including advocacy pressure directed to the office of Washington's Insurance Commissioner. The public will be encouraged to tell their story, or file a complaint, directly with the Commissioner's office.

- The grant funding will be used produce materials that will be created by Real Strategies, including:
 - An informational brochure for brick-andmortar REALTOR[®] brokerage firms across Kittitas County, which brokers can then provide to their buyers and consumers,
 - An informational postcard to be mailed directly to consumers, and
 - Programmatic online display advertising, budget permitting.
- The materials will focus on alerting members of the public to:
 - the denial or cancellation of renewal policies, and/or existing insurance coverage,
 - the denial of policies to new home buyers seeking insurance, and
 - where and how consumers can tell their story, or file a complaint, with the Washington Insurance Commissioner.
- SKCR's Initiative has been selected for a National Beta Test (a potential national model) for responding to this emerging homeowner insurance challenge.

With approval and support of SKCR's Board of Directors, Kittitas REALTORS[®] contributed \$3,750 to satisfy "local skin in the game" matching requirements for the grant funding.

Seattle Affordable Housing

In 2023, Seattle voters approved a nearly \$1 billion renewal of the Seattle Housing Levy. Accordingly, this year marks an all-time high, \$340 million, in spending on income-qualified/subsidized housing for households earning 80% and below area median income. While SKCR's focus is on increasing market-rate housing affordability, we were pleased to have supported the Seattle Housing Levy renewal and look forward to the city bringing relief to households that market-rate housing is unable to serve.

Inventory

All 39 cities in King County are continuing their work to meet the Legislature's December 31 deadline for each city to update its 20-year comprehensive plan, including new requirements to accommodate middle housing and more ADUs.

In addition, cities must meet a June 30, 2025, deadline to update their development and permitting codes that implement the comprehensive plan.

At Seattle King County REALTORS[®], our continuing advocacy efforts are focused on ensuring those changes will help to bring more housing inventory to the market as soon as possible.

We are making progress, for example:

- KENT: The City's housing goals include removing governmental constraints, and implementing strategies to overcome barriers to housing production and affordability. Action items are focused on review of development standards, permitting processes, incentives, density bonuses, impact fee reductions, and other actions to remove barriers while encouraging the development of homeownership opportunities and long-term affordable housing, especially in areas near transit, employment, and educational facilities.
- FEDERAL WAY: The City's Environmental Goals include balancing the protection of environmentally critical areas with the rights of property owners, and ensuring new regulations do not unreasonably hinder private property rights. The action is consistent with state law which gives equal priority to all of GMA's goals. For more than a decade after the act was passed, courts and hearings boards elevated the environment above all other aspirations. Finally, the legislature passed bills on two occasions repudiating that approach in favor of more balance in land-use planning.
- MAPLE VALLEY: We continue to be successful in supporting new code changes in Maple Valley to authorize duplexes, triplexes, four-

plexes, townhouses, stacked flats, courtyard apartments, cottage housing and single-family housing. Additionally, a variety of development code revisions will allow narrower (12' wide) driveways, lower driveway vertical clearance, not count single-family dwellings towards density limits, increase maximum building height, and increase maximum lot coverage. Proposed changes to Maple Valley's housing goals also address the needs of historic identity-based disadvantaged populations, and affordable housing options for all income levels.

- BURIEN: SKCR requested the Planning Commission recommend the City Council modify the city's housing demonstration ordinance to include ownership opportunities for house-holds up to 80% AMI, rather than maintaining an unworkable and unproductive 50% AMI limitation. The Planning Commission made the recommendation, and the City Council approved. REALTORS® also supported more Transit Oriented Development in the city's Ambaum Corridor. We are hopeful that too will occur, and we will continue to advocate for even higher levels of mixed-use density in that area.
- NORMANDY PARK: The city is largely builtout, and has many homes on septic. As result, it does not have the land or infrastructure available to accommodate new Middle Housing under HB 1110. City staff and the Planning Commission correctly assessed that meeting the city's housing targets was likely to be accomplished primarily by construction of new accessory dwelling units. SKCR's lobbyist (who was the only member of the public to testify at the Planning Commission's public hearing on proposed changes to the city's comprehensive plan and development regulations) supported the approach, which was approved unanimously and forwarded to the City Council.

Onsite Sewer (Septic) Systems

The Board of Health's Stakeholder Expert Technical Team is in the process of recommending changes to the regulations governing on-site sewer (septic) systems in King County. The revisions, which are required by April 2025, will likely be adopted before the end of this year to ensure septic system regulations - governing both existing systems, and construction of new septic systems are consistent with recent changes to state law.

Seattle King County REALTORS® have utilized a multi-faceted approach to advocate successfully for common sense, science-based improvements to the Task Team's recommended changes to the code:

- John L Scott broker Pam McCain, who is a member of SKCR's Government Affairs Committee, and a Black Diamond Planning Commissioner, has been serving on the Expert Technical Team as the representative of SKCR and the real estate brokerage industry,
- SKCR's lobbyist met directly with members of the Technical Team staff to explain and support requested changes, and also testified at the public hearings on the proposed code changes; and
- SKCR's lobbyist also collaborated with members and staff of the Citizens Alliance for Property Rights (CAPR). The Alliance was active in reviewing and commenting on proposed changes, and mobilized owners of septic systems to comment on the proposal.

The collaboration continues partnership efforts which began in 2016 when SKCR and CAPR worked successfully to defeat a proposed "turd tax" on septic system owners, and followed-up with successful efforts to have the Legislature create a "Septic Owner's Bill of Rights."

Highlights of SKCR-supported changes we anticipate the Expert Technical Team will recommend to the Board of Health:

• Historically, regulation of septic systems has appeared to occur in an environmental silo, with little regard for the plethora of other Growth Management Act (GMA) goals. The Expert Technical Team recommendations expressly acknowledge the importance of addressing the Housing Supply Crisis, and the need to seek a "balanced" approach to the regulation of septic systems. This reflects a welcome, and important, "sea-change" in regulation of septic systems.

Consistent with state law, the proposal recommends increasing to 1-year the amount of time a required septic system inspection report will be valid in connection with the purchase and sale of a property served by a septic system.

Currently, inspection reports on a septic system are only valid if the inspection was completed within 6-months of closing. As soon as the change is formally approved by the Board of Health, SKCR will notify the NWMLS so that Paragraph 4 of transaction addendum Form 22-S (for King County properties with septic systems) can be changed to reflect the additional period that septic system inspection reports will be valid.

• Reducing the minimum distance for separation of drain field trench side walls. The current regulations require 9-feet of separation, on-center. However, the best available science indicates only 4-feet is needed. So, the required distance will be reduced to 4-feet.

The change is important because it will accommodate "small" septic systems on environmentally-constrained properties, as well as on smaller lots, which will help with increasing the supply of housing.

This change will be especially important for the construction of new ADUs, not only in rural areas, but also in built-out unincorporated urban areas where sewers are not available. Although the City of Normandy Park is incorporated, ADUs will be critically important for the city's ability to meet its housing targets. That's also likely to be true in urban unincorporated areas that are not served by sewer.

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Onsite Sewer (Septic) Systems

The proposed changes would eliminate the requirement for a property owner to obtain a permit for "minor" repairs or maintenance of septic systems. SKCR has requested a clear and objective definition of a "minor repair" to ensure septic system owners are not subjected to a \$5,000 penalty for completing a modest repair they believed was minor in nature. SKCR and CAPR have also requested language to make clear that in the event of a septic problem or system failure, septic system owners have a statutory right to repair or replace their system to good working order (rather than having to pay the high cost of connecting to sewer).

Sign Codes

The cities of Duvall, Lake Forest Park, and Bellevue are in the process of revising their sign codes. SKCR continues to guard against any changes that would constrain the use of on-premises for sale signs and off-premises open house A-boards.

Sign codes updates are complicated and technical due to the many types of signs, both commercial and private, that are posted within a city. While policymakers tend to favor real estate signage, our signs can get caught up in efforts to reduce the overall impact of signage within a city. For these reasons, we remain vigilant and engaged in what can be a long process.

Please contact us for more information and/or to get involved.

General Election Endorsements 2024

For each election, REALTOR[®] volunteers interview candidates on te issues important to the real estate industry, like housing supply, public safety, and taxes. Learn more about Seattle King County REALTORS[®] endorsements and the endorsement process at <u>www.nwrealtor.com/endorsements</u>.



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REALTOR® Political Action Committee

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Issues & Impacts

Seattle King County REALTORS® (SKCR) is working to ensure that public policies support homeownership and your business's bottom line.

Please contact Taylor Shanaman, Director of Governmental and Public Affairs, at <u>tshanaman@nwrealtor.com</u> with any local legislative issues that may need our attention.

The next issue will be released in January 2025.