

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 Government Affairs Department.



REALTORS® Poised for Major Wins in Seattle

In Seattle, Seattle King County REALTORS® is poised for a number of wins that will unlock major housing capacity throughout the city. For more than two years, we have been advocating for a bold, housing-focused update to the 20-Year Seattle Comprehensive Plan. The City Council's recent votes to pass the plan out of committee reflect the results of our work.

Highlights include:

- 120,000 new homes over the next 20 years to accommodate more than 150,000 new jobs.
- Creation of new neighborhood centers where multifamily housing can be developed.
- Cottages: SKCR established an incentive for cottage housing development to create middle-income buying opportunities with 2-story, 1,500sf cottages on lots of 5,000sf or greater. Cottage design is generally more easily accepted in existing neighborhoods than 3-story townhouses. The amendment was sponsored by REALTOR®-supported Councilmember Saka. Sol Villareal, Immediate Past Vice President of Governmental and Public Affairs has played a pivotal role in coordinating with housing stakeholders throughout the city to build



support and refine details of the proposal.

- Trees: SKCR worked with council and coalition partners to address concern from many neighborhoods about the loss of tree canopy associated with infill housing development and redevelopment.

The City is currently in the process of completing additional environmental review work needed before final passage of the legislation. Timing on the full Council vote is still being determined.

Additional housing supply policies will be taken up in a second phase of the Comprehensive Plan Update in early 2026.

REALTORS® Testify for Maple Valley Townhomes

Seattle King County REALTORS®' public hearing testimony in support of allowing townhomes in the city's commercial business (CB) zone was well-received by Maple Valley Planning Commissioners. REALTORS® emphasized the importance and value of quickly updating the city code to incorporate Unit Lot Subdivision changes approved by the legislature earlier this year to increase home ownership opportunities.

However, the Planning Commission could not reach agreement on an overall package of recommendations because of disagreement regard-

ing how motel parking and commercial rooftops should be regulated when adjacent to residential neighborhoods.

As a result, the City Council will make a final decision (with additional advocacy from Seattle King County REALTORS®) without a formal Planning Commission recommendation, but with the knowledge that the Commission reached consensus on 20 items, including the recommendation supported by the REALTORS® to allow townhomes in CB zones.

CAOs Must Balance Environment and Housing

Under Washington’s Growth Management Act (GMA), every city is required to adopt and enforce a Critical Areas Ordinance (CAO) to protect environmentally sensitive areas and safeguard the public from natural hazards. Cities must update their CAOs every 10 years using the Best Available Science. While the original deadline was the end of 2024, cities now have until December 2025 to complete their updates.

CAOs aim to preserve natural habitats, maintain species diversity, and prevent hazards. The GMA identifies five types of critical areas that cities must protect:

1. Wetlands
2. Critical Aquifer Recharge Areas
3. Fish and Wildlife Habitat Conservation Areas
4. Frequently Flooded Areas
5. Geologically Hazardous Areas

Historically, courts and hearings boards prioritized environmental protection over other GMA goals, contrary to legislative intent. The Legislature has since clarified—twice—that all GMA goals must be balanced, including housing, economic development, and environmental protection.

Each city must align its CAO with its Comprehensive Plan, which in turn must comply with County-wide Planning Policies and the GMA. Development regulations, including CAOs, must reflect this balance.

However, state agencies like the Department of Fish and Wildlife often advocate for larger buffers and stricter restrictions, which can conflict with cities’ obligations to accommodate housing under RCW 36.70A.020(4).

Seattle King County REALTORS® emphasize the need for cities to uphold the legislative mandate for balanced planning. REALTORS® should stay engaged as cities finalize their CAO updates to ensure housing needs are not overlooked.

Covington: REALTORS® Testify on CAO to Allow More Housing

In testimony before the Covington Planning Commission, Seattle King County REALTORS® (SKCR) urged the city to balance environmental protection with its legal obligation to accommodate housing under HB 1220. SKCR supported the city’s science-based approach to stream buffer calculations, which rejected outdated methods based on theoretical tree heights in favor of locally observed conditions. They also advocated for maintaining current setback standards and preserving buffer averaging—tools essential for infill development and middle housing under HB 1110. Alongside the Masterbuilders, SKCR emphasized that cities must not consider CAO updates in isolation, but rather as part of a broader planning framework that includes housing feasibility and affordability.

Renton: CAO Update Includes Code Cleanup, CMZ Mapping, and Wetland Protections

Renton’s Planning Commission held a public hearing on proposed updates to the city’s CAO, introducing three main categories of changes. First, a “code cleanup” will clarify regulatory language and references, and allow exemptions for routine maintenance and new trail construction. Second, new Channel Migration Zone (CMZ) regulations will expand mapping of stream corridors at risk of erosion or flooding, incorporate King County’s 2015 Cedar River study, and allow site-specific reassessments of CMZ boundaries. Third, updated wetland protection standards will apply Best Available Science to buffer requirements, integrate detailed tables for mitigation ratios, and establish clear criteria for buffer reductions and averaging. These changes aim to improve ecological outcomes while providing regulatory clarity for future development.

Burien Residents Seek to Overturn Ordinance

Under the leadership of Burien Mayor Kevin Schilling, and with the help of a skilled planning staff, the city of Burien not only met the minimum requirements of State comprehensive planning legislation, but the city council also stepped up to address the housing crisis that has produced out-sized impacts on the City of Burien. The council's action was taken in the face of strong contentious objections that came late in the process, largely from residents of legacy neighborhoods. Ordinance No. 868 passed on June 30, 2025.

Because Burien's new ordinance allows more housing than the minimum mandated by the state, opponents have now called for the City Manager to be reprimanded, and for the Planning Director and the Senior Planner to be fired. They are also pointing fingers at the Puget Sound Regional Council, objecting to the costs of technical studies required to change the plan, and characterizing the up-zones as unnecessary. In the face of contentious opposition, Seattle King County REALTORS® remains committed to continuing to advocate for middle housing, ADUs, townhomes, permitting reforms, and investments in basic infrastructure needed to improve the opportunities for median income households to afford median home prices, and for renters with less than median income to be able to afford median rents.



Seattle Council President Streamlines Permits

REALTOR®-supported Seattle City Council President Sara Nelson has delivered on a campaign promise to cut red tape with new legislation that will reduce barriers and allow small businesses to setup storefronts faster and cheaper. SKCR believes energizing small retail businesses will add safety and positive energy to Seattle's neighborhood business districts and downtown.



Sara Nelson continues to work to remove the costly, unnecessary roadblocks which slow housing construction, inhibit economic growth, and increase building project cost and hassle.

Under the previous code, businesses looking to occupy a vacant space were often subject to a "Substantial Alteration" designation. This rule required them to undertake extremely expensive and time-consuming upgrades to the entire building's structure, ventilation, and fire safety systems, even when there was no change in the building's use or safety risk. This requirement was a major barrier for small businesses, preventing many from ever opening.

The bill significantly reduces the number of projects that qualify for this onerous designation by creating a size exemption for spaces with a gross area of 7,000 square feet or when the project changes less than 20% of the building. It also removes the rule that a building being vacant for more than 24 months automatically triggers a substantial alteration review.

Seattle Passes Ban on Predatory Home-Buying



Seattle King County REALTORS® was proud to support legislation in Seattle sponsored by REALTOR®-supported Mayor Bruce Harrell, Councilmember Joy Hollingsworth, and Councilmember Mark Solomon to prohibit predatory home-buying.

The legislation will encourage prospective home sellers to consult and retain experts like REALTORS® before entering a real estate transaction.

The legislation establishes vital consumer protections for homeowners targeted by unsolicited offers to purchase residential property. It is a thoughtful and necessary response to the growing prevalence of predatory home-buying practices that disproportionately affect vulnerable home-

owners, particularly seniors, those facing financial distress, and communities of color.

Specifics include:

- Requires clear disclosures to homeowners before a purchase contract is signed, including notice of their right to an independent appraisal, legal counsel, and representation by a licensed real estate broker.
- Provides a meaningful cancellation window, empowering homeowners to reconsider offers made under pressure or without full market exposure.
- Establishes enforcement mechanisms and a private right of action, ensuring accountability for bad actors who exploit gaps in consumer awareness.

The legislation complements existing state law while tailoring protections to Seattle's unique housing market and equity goals. It aligns with the City's broader anti-displacement strategy and reinforces the importance of informed decision-making in residential transactions.

REALTORS® Help Clarify Rental Price-Fixing Issue

There has been growing concern over the use of software services that provide algorithmic analysis of public and non-public data to assist landlords with setting rental prices and other leasing terms (algorithmic rent-setting tools). Lawsuits and legislative materials allege these services reduce competition and artificially inflate rental prices. In response, Seattle and King County have pursued legislation to prohibit rent-setting tools that enable collusion.

REALTORS® worked with the NWMLS and multi-family housing advocates to make important im-

provements to legislation prohibiting rent-fixing in King County. We wanted to ensure that data platforms like the NWMLS and routine industry practices like comparative price analysis was prohibited or constrained by unintended consequence.

We worked closely with the King County Councilmember Mosqueda to add clarifying language to the legislation to establish a bright line between prohibited collusion and the real estate industry's traditional and wholly appropriate practices.

Federal Way Code Changes for New Housing

Seattle King County REALTORS® continue to support Federal Way's proactive efforts to address the housing crisis through zoning reform, partnerships, and strategic planning. Earlier this year, REALTORS® backed code changes to promote middle housing and streamline the development of owner-occupied townhomes—making it easier, faster, and more affordable to build.

More recently, REALTORS® have supported initiatives to partner with churches for affordable housing and ensure city council members receive practical feedback from construction experts on proposed code changes. These efforts reflect a broader commitment to expanding housing options and improving regulatory clarity.

A major focus is the proposed expansion of Federal Way's Regional Growth Center by 10%, adding 20 acres to create the new "South Station Subarea." This area is envisioned as a dense, walkable, transit-oriented neighborhood anchored by Sound Transit's Link extension. The plan includes 4,804 new housing units, integrated with retail, commercial space, and public amenities. The city also projects 7,338 new jobs in the Growth Cen-

ter by 2044. The Puget Sound Regional Council (PSRC) granted preliminary certification in May, allowing Federal Way to compete for transportation funding while formal subarea planning continues.

In addition, Federal Way has proposed amendments to its middle housing and ADU codes to meet state deadlines and improve clarity. These include updates to open space requirements for larger unit lot subdivisions, refined definitions for middle housing in SP and RS zones, and new options for affordable housing in subdivisions. ADU Development Agreement changes aim to provide flexibility and predictability for builders by listing public benefits—such as open space, multimodal connections, and affordable housing—that can justify departures from standard code requirements.

Finally, the city is aligning its definition of "development standards" with state law, covering height, setbacks, drainage, landscaping, and other features. These updates reflect Federal Way's commitment to balancing growth, affordability, and livability.

King County Energy Mandate Removed

For many years, environmental advocates have lobbied to require residential energy audits and energy upgrades mandated at the point of sale.

A proposal in King County would have prevented sellers from closing a transaction until they conducted an energy audit, made the score public, and made improvements to the house if the score did not meet a certain level of energy performance.

We have worked to educate policy makers that REALTORS® bring energy issues into the real es-

tate discussion and make energy issues actionable for home buyers and homeowners without confusing, delaying, or discouraging the real estate transaction.

Point of sale mandates add delay and complication to an already complicated and lengthy process without commensurate climate benefit.

With the help of REALTOR®-supported King County Councilmember Rod Dembowski, we succeeded in striking a requirement to make energy upgrades to a house prior to closing.

Seattle Proposes B&O Tax Increase

This fall, Seattle voters will be asked to decide on an increase to the city’s Business & Occupation (B&O) tax. The proposal comes from Seattle Mayor Bruce Harrell and Councilmember Alexis Mercedes Rinck and could have significant implications for REALTORS®, real estate firms, and the broader business climate of the city.

The proposal increases the standard B&O tax exemption from \$100,000 to \$2 million. Businesses with gross revenue above \$2 million will pay a higher rate of tax. The services category, in which real estate commissions are captured, will rise from 0.427% to 0.658%, an increase of \$2,310 per \$1 million of revenue.

Because the proposal raises B&O tax rates above the maximum rate allowed by the state, voters would need to approve the measure at the general election on November 4, 2025.

The tax increase is anticipated to generate \$90 million of new general fund revenue. Stated uses for the new revenue include food access, gender-based violence prevention, small business supports, emergency shelters, homelessness prevention and support for worker rights and protections. Additionally, funds will serve to mitigate federal funding cuts in the areas of housing stability, food insecurity, financial stability for the affordable housing sector and emergency shelter and homelessness.

The tax exemption element of the proposal will relieve as many as 75% of all current B&O taxpayers of the obligation. While this is beneficial, it means the tax burden will lie exclusively on businesses with the highest gross revenues. Like the Payroll Expense Tax, it appears the tax will be high and narrow rather than low and broad-based. This could drive more businesses outside Seattle at a time of economic uncertainty.

Seattle King County REALTORS®, in collaboration with the Seattle Metro Chamber and others in the business community, expressed these thoughts on the tax:

“Giving a B&O tax break to many Seattle businesses right now is a great idea – one that we have advocated for to help fill empty storefronts downtown, spur small business growth, and to help offset rising costs, including from public safety challenges.”

“However, raising the B&O on any employer right now is a bad idea – especially given the economic facts presented by the City of Seattle itself: regional employment has declined, Seattle office vacancy is one of the highest in the U.S., consumer spending has weakened, there are fewer international visitors expected, and economic uncertainty looms from tariffs. And this proposal comes just months after the legislature passed the largest tax increases in state history.”



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Design Review Reform in Enumclaw

Enumclaw is the latest city in King County to take steps toward streamlining its permitting process by reforming its design review procedures. In January 2025, Jeff Potter of Integrity Land LLC submitted a privately initiated code amendment request focused on townhouse development standards. Seattle King County REALTORS® have tracked the city's progress since March, including a public hearing held by the city council on August 25.

These local efforts align with HB 1293, a state law passed to improve permitting efficiency, predictability, and housing affordability. The law mandates that cities use clear and objective design standards when reviewing new construction. Specifically, design regulations must:

- Include ascertainable guidelines that allow applicants to determine compliance.
- Avoid reducing density, height, bulk, or scale below what is allowed in the applicable zone.
- Be integrated with consolidated permit reviews.
- Limit design review to one public meeting.

In response, cities across Washington are eliminating subjective, project-specific design reviews conducted by volunteer boards. Instead, technical staff are taking over to ensure objective, consistent evaluations.

Enumclaw's proposed changes include:

- Eliminating the Design Review Board from city code and permitting processes.
- Removing vague or discretionary design requirements.
- Requiring mailed notifications to property owners within 300 feet of "Type 2" projects (which includes most developments).

The city is also updating its townhouse development standards to support higher density and affordability. Proposed changes include:



- Reducing minimum lot sizes and setbacks.
- Increasing the maximum number of dwelling units per structure from 6 to 10.

These updates aim to make townhomes a more viable option for middle-income buyers who are priced out of single-family homes. However, not all proposed changes were adopted. Potter requested a 5-foot side yard setback for end units, but the Planning Commission recommended larger setbacks: 9 feet for two-story buildings and 14 feet for three-story buildings.

Builders argue that smaller setbacks are essential to achieving the 12-15 units per acre needed for townhomes to be cost-effective under Enumclaw's R-4 zoning. Current design standards limit density to just 8-10 units per acre, undermining affordability and supply.

Before final approval, all proposed code changes must undergo a 60-day review by the Washington Department of Commerce. During its review, Commerce identified additional references to the Design Review Board that needed removal, including in permit procedures and ADU regulations. It also recommended shortening review timelines in several areas—from 120 days to 65 or 100 days—to further improve permitting efficiency.

Enumclaw's reforms reflect a broader statewide effort to modernize permitting and support housing development. REALTORS® should stay informed as these changes continue to shape the region's housing landscape.

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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 tshanaman@nwrealtor.com with any local legislative issues that may need our attention.

The next issue will be released in January 2026.