

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.



PSRC Leveraging Federal Funds

At an annual joint meeting of the City of Black Diamond, The City of Enumclaw and the Enumclaw School District, Black Diamond Mayor Carol Benson disclosed that her city had to reduce the amount of housing it planned in its Comprehensive Plan because of pressure from the Puget Sound Regional Council (PSRC) that placed the city's access to federal transportation funding—controlled by the PSRC—in jeopardy if the city failed to do so.

Several years ago, the PSRC made a similar demand upon the city of Covington and other small cities adjacent to Interstate-90 in East King County, to reduce the amount of housing added in their comprehensive plans. The PSRC created a “certification” process. The agency said that if the PSRC chose not to “certify” a city's comprehensive plan (regarding housing supply), the PSRC would cut off access to federal transportation funding. That

would create a significant hardship for small cities, because funding almost any transportation project now requires multiple sources of funding, including federal funds. To exert leverage, the PSRC treated countywide housing targets as “maximums,” even though the targets are “minimums” under state law. The effect of minimizing the amount of housing “farther out” might potentially provide a strong-arm justification to keep more of the federal monies for projects closer to downtown Seattle.

In response to Mayor Benson's comments at the annual three-jurisdiction meeting, REALTORS® obtained a commitment from Covington City Manager Regan Bolli to reach out to Mayor Benson and discuss how Covington was able to nullify the prior effort in the middle of a Housing Crisis that has only grown worse since the last time the PSRC put pressure on cities to reduce the supply of housing.

Lot-Splitting Gaining Ground in Comp Plans

As cities and King County neared final votes on compressive plans, Seattle King County REALTORS® (SKCR) encouraged increased zoned densities through meetings with elected officials, letters, and public testimony. In many jurisdictions, the opposition to upzones was fierce. SKCR's voice was an important reminder to elected officials that they are doing the right thing and are supported.

In collaboration with the Master Builders Association of King and Snohomish Counties, SKCR urged that King County adopt a Comprehensive Plan policy that would enable lot-splitting—simply allowing one residential lot to be split into two.

We argued that allowing an existing residential lot to be split into two lots can offer many ad-

vantages to both the existing homeowner and to prospective homebuyers. Lot-splitting can provide current owners the opportunity to maintain homeownership in changing life circumstances, while also providing new homebuyers with a more affordable ownership opportunity. Additionally, lot-splitting will provide additional opportunities for sales to affordable housing providers or homeownership facilitators that may be exempt from state real estate excise tax under chapter 82.45 RCW.

Our lot-splitting proposal morphed into the creation of a “microsubdivision,” defined as a two-lot short plat, with a review process that is less complex than other short plats and typically would not require a public hearing. This will be allowed only on the urban side of the Urban Growth Boundary.

Federal Way Major Crime Rates Down

Issues related to public safety and crime came to a head a few years ago when three apparently unrelated high-profile murders occurred in Federal Way within 24 hours. Some commenters blamed concentrations of multifamily housing for the deaths. Others thought efforts to defund police, constrain the ability of police to do their jobs, and reductions in officer staffing were part of the explanation.

Seattle King County REALTORS® responded by supporting candidates for Federal Way City Council who not only supported supplementing existing public safety efforts with CARES-trained staff members to assist with mental health, homelessness, and addiction challenges, but also increasing the number of sworn officers providing police services. The REALTORS® support included significant independent expenditures to provide clarity about the priorities of candidates who were concerned about public safety. The REALTORS® also supported the election of Mayor Jim Farrell who

promised to add 12 new police officers. Farrell has decades of experience in the King County Prosecutor’s Office as a Senior APA working to protect vulnerable victims, with a focus on domestic violence.

Public safety is important for homeowners, buyers, sellers, and REALTORS®. The most recent data for major crimes through September for 2023 and 2024 is encouraging:

OVERALL CRIME	-10%
Murder	-44%
Motor Vehicle Theft	-50%
Robbery	-24%
Aggravated Assault	-7%
Burglary - Commercial	-2%
Burglary - Residential	-14%

Seattle Not Levying New Taxes

Seattle King County REALTORS® has been engaged in the Seattle budget process to ensure the record general fund budget deficits of \$251 million in 2025 and \$498 million in 2026 were not closed by levying new taxes. We commented formally and advocated to encourage transparency and accountability in the budget process. The council held firm and tapped the Payroll Expense Tax to fill the deficit.

In addition, we argued against a proposal by Councilmember Moore to establish a city-level capital gains tax of 2% to provide additional housing and tenant services funding. The proposal was defeated.

On the expense side of the ledger, we successfully argued for full funding of public safety, including additional resources for Seattle Police and an expansion of the Community Assisted Response and Engagement (CARE) department behavioral health responder team.

Our wins were made possible by the new council majority which we supported vigorously in 2023 and 2024. Councilmembers Bob Kettle, Maritza Rivera, Rob Saka, and Tanya Woo, under the leadership of Council President Sara Nelson, championed a moderate, fiscally responsible approach to city budgeting. Nelson consistently and accurately said the city has a *spending problem, not a revenue problem*.

Black Diamond Lifts Cannabis Moratorium



Effective January 1, 2025, the city of Black Diamond lifted its moratorium on new retail cannabis establishments. The moratorium had been in place since 2013. The effort to lift the ban began in January of last year in response to a proposal by city council member Debbie Page. In subsequent months, much of the debate in the city focused on the size of buffers between cannabis retail establishments and facilities where children are likely to be present. Opponents of lifting the moratorium understood that the combination of the city's limited land-mass, and big buffers, could have the effect of largely keeping the moratorium in place.

Seattle King County REALTORS® staff assisted members of the City's Planning Commission in assessing policy options available for the city and property owners.

A series of city hearings and meetings occurred during the fourth quarter of last year. On December 4, after considerable opposition from residents, public safety advocates, and stakeholders in the school district, the City Council voted to move forward with lifting the moratorium. By a vote of 4 to 2, councilmembers approved 1,000-foot buffers around schools, and 100-foot buffers for six other kinds of facilities in the city, including: all recreation centers/facilities, childcare centers, public parks, public transit centers, libraries, and game arcades accessible to minors. Buffers of

1,000 feet citywide would have had the effect of continuing the moratorium (by making it impossible to have a parcel that could qualify under the 1,000-foot restrictions), compared to the 100-foot buffers that will likely limit cannabis retail establishments in the city to just two parcels.

Councilmembers Leih Mulvihill and Tamie Deady advocated for keeping the ban in place, and opposed reductions in the size of buffers, citing safety concerns and school district opposition. Deady is expected to run for mayor later this year. Planning Commissioner Pam McCain, who is a REALTOR® with John L. Scott, also opposed lifting the ban when the proposals were being evaluated by the Planning Commission.

One of the motivations for lifting the moratorium appeared to be money, because marijuana is taxed. The marijuana excise tax has two components: the per capita share and the retail share. The per capita share is the portion that is distributed to all cities and counties that do not prohibit marijuana businesses. So, by lifting its moratorium, even if only two retail establishments would be allowed, the city of Black Diamond becomes eligible to receive these funds, which are based on the population of the city.

The retail share is distributed to all cities and counties where marijuana retailers are located. If a marijuana retail establishment locates in the city of Black Diamond after January 1, 2024, the city will also qualify for this share of the marijuana tax revenues.

Initiative 502—approved by Washington voters in 2012—established a comprehensive statewide approach to the regulation of marijuana/cannabis production, processing, and retail establishments. On July 1, 2016, the production and marketing of medical marijuana was integrated into the new statewide regulatory framework, and in 2022 the legislature replaced all references to “marijuana” in state law with the word “cannabis.” Enforcement is the responsibility of the Washington State Liquor and Cannabis Board.

Renton Comprehensive Plan Approved

At its final meeting of 2024, the Renton City Council approved the state-mandated update of its comprehensive plan to guide and facilitate the city's growth over the next 20 years.

The changes are intended to accommodate 17,000 new housing units and almost 32,000 jobs in Renton over the next 20 years, together with parks and transportation to serve the growth. The next such update will not be required until December 2034.

Seattle King County REALTORS® have been active in supporting not only opportunities for middle housing and accessory dwelling units (as required by laws passed in 2023), but also regulatory stability related to Transit Oriented Development (TOD). Renton Mayor Armando Pavone told the REALTORS®, “If we can just get the state to quit changing the rules so often, we could get Transit Oriented Development built in Renton, even though we don't have a transit station.”

Working through the South Sound Chambers Legislative Coalition, REALTORS® successfully advocated for the stability Renton needs, and for an incentive-based approach to TOD, an issue that remains unresolved in the legislature.

One of the aspects of planning for growth involves infrastructure, which is especially important for current and future residents and businesses. Infrastructure provides the basic building blocks required to accommodate new housing and employment opportunities that are foundational for a household's quality of life: light and heat, safe and reliable water at the faucet and the fire hydrant, minimizing flooding, protecting the environment, and facilitating mobility of goods, services, residents, visitors, and businesses.

Renton has done a good job in this regard, and REALTORS® made a point to draw on-the-record public attention to the Envision “Verified Rating” for Sustainable Infrastructure Award the city received from the Institute for Sustainable Infrastructure. Renton's Public Works Director Martin

Pastucha acknowledged the REALTORS®, writing, “It was kind of your Association to recognize these efforts...to facilitate the construction of affordable housing in Renton.”

But the biggest, most impactful changes REALTORS® supported in the update of Renton's comprehensive plan involved advancing a sub-area plan the city hopes will result in the creation of a “vibrant new commercial and residential district” called the Rainier/Grady Junction. It will be an historic TOD-focused project in the vicinity of Rainier Avenue and Grady Way, adjacent to Interstate 405.

The core of the project involves 26 acres, but the city envisions a larger footprint for the ultimate build-out, which it hopes would be able to accommodate 25,000 new residents. As a point of comparison, The Landing in Renton (at the Southend of Lake Washington) has just over 6,000 residents, and a total of 14,000 residents within a mile of The Landing.

The city hopes to create a vibrant, livable, distinct, cohesive neighborhood with a multi-modal center that has strong pedestrian connections that gracefully integrate with neighboring areas—one that is different from, yet aligns with, the City Center Subarea and Downtown. Residential densities are anticipated to be 20 to 60 units per acre, with one parking space per dwelling unit.

The mixed-use zones are expected to include commercial arterial, commercial office, industrial medium, and a center downtown zone, which will offer multi-family tax exemptions for eight years in mixed-use structures that have a minimum of 30 dwelling units—either apartments or condominiums. If affordability targets are met, the exemptions may be extended to 12 years.

Significant fee waivers are also likely to be available for up to 100 units of affordable rental housing, as well as for ownership units which meet affordability targets.

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Renton Comprehensive Plan cont.

According to the Urban Land Institute (ULI),

“A major choice that Renton planners faced in setting the ground rules for what’s essentially a brand new neighborhood was whether developers should be required to include affordable units in their buildings, or pay a fee to fund the creation of those units elsewhere.

Cities like Seattle, Redmond, and Shoreline have all implemented inclusionary zoning policies in recent years that mandate a certain number of subsidized units or equivalent in lieu fee.

But Renton decided to take another path, instead offering a baseline level of density by-right, with additional zoning incentives for developers who want to go taller by adding affordable housing and open space amenities.”

Currently, the Rainier/Grady Junction area is a sea of parking lots, historic, expansive, deteriorating car lots, and big box stores.

After approving a sub-area plan for the Rainier/Grady Junction in 2021, the city was awarded a competitive state grant to complete a planned action Environmental Impact Statement (EIS) that will allow for a more streamlined and predictable environmental review process for project proposals within the project area.

The strategy is to facilitate mixed-use development, maximize multimodal transportation options, improve pedestrian connectivity, and integrate the subarea with adjacent areas, with a new transit center and bus-rapid-transit service scheduled to open and be operational in 2026.

Sound Transit says the “Stride S1 Line” planned for the area is part of the new highway-running bus-rapid-transit system that will ultimately connect Burien to Lynnwood, via the Eastside. Though the Stride system has been plagued by delays, the S1 is set to open by 2028. Once it is running, it will provide a quick connection to light rail at Tukwila-International Boulevard, and in Downtown Bellevue.

No Increase to SeaTac Property Taxes

On November 27, the SeaTac City Council voted unanimously to pass an ordinance with no increase in the city’s 2025 property tax levy. Additionally, the city chose not to take advantage of the opportunity to increase property taxes based on its “banked capacity” to do so. The “banked capacity” is the result of prior years when the city also took less than the full amount of increase in property taxes that state law allows.

Under state law, cities can increase property taxes every year by the lesser of inflation, or 1%. In 2024 there was a proposal in the state legislature to allow cities to increase the total amount of property taxes they collect each year by 3% (a 200% increase over the current 1% limit), but that legisla-

tion generated such fierce opposition that the two sponsors withdrew the proposal.

The sustained restraint of SeaTac City Councilmembers on property tax increases is reflected in this table from the city.

Year	Assessed Valuation (in Billions)	Levy (in Millions)	Millage (Levy Rate)
2016	\$ 4.912	\$ 14.714	\$ 3.00
2017	\$ 5.405	\$ 15.645	\$ 2.89
2018	\$ 6.136	\$ 16.892	\$ 2.75
2019	\$ 6.689	\$ 17.162	\$ 2.57
2020	\$ 6.966	\$ 17.369	\$ 2.49
2021	\$ 7.304	\$ 17.458	\$ 2.40
2022	\$ 7.046	\$ 17.536	\$ 2.50
2023	\$ 7.930	\$ 17.697	\$ 2.24
2024	\$ 8.466	\$ 18.606	\$ 2.20
2025	\$ 8.987	\$ 19.445	\$ 2.16

Kent Voters Approve School District Levy

On election night in November, the Kent School District's ballot proposition was losing with just 49.11% of the vote. Because it was a levy, and not a bond, 50% approval is required for passage. When all the votes were tallied, it passed with 50.77%.

Citizens for Kent Schools made a late request for campaign help from Seattle King County REALTORS®. Former School Board President Leslie Hamada met with the association's Government Affairs Committee, made the case, and received the REALTORS®' endorsement. Everyone went to work to secure passage of Proposition #1 to renew a Capital Projects and Technology Levy. The amount of money requested was approximately half the amount of an April 2024 levy proposal that was not approved by voters. The November levy request was reduced as result of polling which indicated voters believed the amount requested in April was more than their households could afford to pay.

The November levy approved by voters with the REALTORS®' support will provide critically important funding for student technology, safety, and health improvement programs and projects. Funding also includes upgrades to building fire

alarm systems, installation of new boilers, roofing and building siding improvements, replacement of a transportation fueling station, a new emergency generator for the child nutrition program refrigeration system, modernized Mill Creek Middle School and Kentridge High School athletic fields, and other capital improvements. In addition, the levy will help to continue the district's one-to-one computer device program, as well as refreshing safety intercom systems, voice amplification systems, and classroom display technologies. The levy also provides funding to enhance cybersecurity and disaster recovery infrastructure, make network infrastructure improvements, and replace the district's data center un-interruptible power supply.

Based on projected assessed valuation information, the district estimated tax rates per \$1,000 of assessed valuation would be: \$0.72 in 2025, \$0.70 in 2026, and \$0.68 cents in 2027.

Former School Board President Leslie Hamada and Assistant Superintendent Wade Barringer expressed their thanks for the REALTORS®' support in helping the district to finally obtain victory in this very close election.

Sign Code Updates

Sign code updates are in play in the cities of Bellevue, Lake Forest Parks, and Duvall. Deliberation was paused on that work so comprehensive plans can be completed. We expect work to resume in the first quarter of 2025.

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

The next issue will be released in April 2025.