SEATTLE KING COUNTY REALTORS®

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Issues & Impacts

Seattle King County REALTORS® is working to ensure that public policies support homeownership and your business's bottom line. Contact Governmental & Public Affairs Director David Crowell, dcrowell@nwrealtor.com, with any local legislative issues that may need our attention. **The next issue will be released in April 2016.**

In this issue:

Seattle King County REALTORS® Urges Increased Housing Supply in Seattle >

Impact Fees Increase the Cost of Adding New Inventory >

Advocacy efforts dissuade Mercer Island from enacting moratorium on subdivisions, lot coverage deviations >

REALTORS® Kill Proposal to Divert Mortgage "G-Fees" on Home Loans To Pay for the $340 Billion 6-year Federal Transportation Budget >

More Inventory for REALTORS® and Buyers

The lack of inventory (homes and condos) for REALTORS® to sell continues to be a major concern for The Seattle King County REALTORS®, and for working families and retirees looking for a place to live. That's why the Association of REALTORS® continues to work hard advocating for local governments to adopt policies that will make it easier to add more homes to the community, and for homebuilders to bring those homes to the market sooner, and at lower cost.

A stable – and more affordable - real estate market requires a 4 to 6 month supply of properties available to buyers. But the Northwest MLS reported that "countywide" during October 2015 (the most recent month for which data was available at the time this was written) the combined supply of single family homes and condominiums on the market would last only 1.29 months based on current market absorption rates.

Stated another way, REALTORS® and buyers need a 120 to 180 day supply of "active listings" of homes and condos for a stable real estate market, but here in King County the supply of homes and condos was just 39 days.

Countywide, the supply of single family homes is 1.33 months, or 40 days. The countywide supply of condos is even smaller: 1.15 months, or 35 days.

A closer look at the data indicates the lack of a 4 to 6 month supply of inventory is a problem countywide:

	Single Family	Condos	Combined
Southeast King County	1.69	1.34	1.65
Southwest King County	1.61	2.08	1.68
North King County	0.86	0.58	0.81
East King County	1.42	0.94	1.28
Seattle	0.90	1.18	0.97

That shortage of properties available for purchase is causing home prices (and rents) to continue to skyrocket. Why? Because housing is a necessity of life, and a family's need for shelter doesn't just disappear because prices go up. So when the housing supply is too small to meet the actual market demand, prices rise.

As a very general rule of thumb, buyers can afford to purchase homes priced at about three times their annual incomes (plus whatever they have available for a downpayment). So, a family making the most recently-reported median household income in King County of $71,850 could afford a home priced at $215,550.

But compare that to the countywide median **"sold"** price for October 2015:

Single Family	Condos	Combined
$480,000	$291,000	$432,750

For those least-able to afford to buy, or even rent, the problem is so severe that Seattle's Mayor and the King County Executive recently declared homelessness to be a formal emergency.

Adding new construction inventory can be a complicated and lengthy process that sometimes involves *annexations*, cities *purchasing development* project locations and then entering into an agreement with a developer (similar to what happened with Kent Station and the catalyst blocks in Downtown Auburn), *amendments to comprehensive plans*, and *modifications to development regulations*.

The following are representative examples of such activities the REALTORS® are actively monitoring, and when it would be helpful we are weighing-in on the issues to move the effort forward, or to push back against bad policy proposals.

Seattle Council Taking Action on the "Grand Bargain"

The "Grand Bargain" agreement in Seattle will result in increasing the supply of housing.

SKCR is supporting Seattle Mayor Ed Murray's housing agreement, called the Grand Bargain. The agreement promises to increase the supply of both income-qualified and market-rate housing. This fall, the city council took important steps to translate the set of recommendations contained in the agreement into legislation that ultimately will increase zoning for increased housing supply. The framework has been set to begin the process of increasing supply. It will fall to the next council to be seated in early 2016 to continue this important work.

Annexations to Facilitate Adding Inventory

REALTORS® support the city of Covington to move forward with the annexation of "The Hawk Property" to facilitate construction of a new urban village with mixed use residential and commercial development.

With support from the Seattle King County REALTORS®, the city of Covington continues to move forward with the annexation of "The Hawk Property" located southeast of Hwy 18 on the northern border of the City in order to facilitate construction of a new urban village with mixed use residential and commercial development.

The Association of REALTORS® provided the City Council with the only public hearing testimony urging the Council to send the annexation to the Boundary Commission for its review, which the Council did. In addition to the proposal being consistent with the City's comprehensive plan and development regulations, the REALTORS® focused on the need for more hosing inventory for both a healthy real estate market, and housing that is affordable to working families.

Upon approval by the Boundary Review Board the City Council can adopt an ordinance formally annexing the land and adjusting the City limits. That, in turn, will give homebuilders the green light to begin adding new inventory to the market. The Hawk Property includes 212 acres that consist of the former Lakeside gravel mine (now undergoing reclamation), an asphalt batch plant and a highway interchange. The vertical mixed-use project is anticipated to have a lake at the location of the former gravel pit, and new housing units above approximately 1.2 million square feet of ground floor retail and commercial space.

Comprehensive Plan Updates Can Facilitate Adding Inventory

Seattle King County REALTORS® Urges Increased Housing Supply in Seattle

Seattle King County REALTORS® submitted specific recommendations for the city of Seattle to create new housing opportunities around station areas, in multifamily zones and in single family zones.

Related to the Housing and Livability Agenda (HALA) process is the update to the Comprehensive Plan. In addition to our support for the HALA Grand Bargain, which includes a set of strategies to increase the supply of both income-qualified and market-rate housing, President Tyler McKenzie and President-elect Patti Hill have submitted a set of specific recommendations to the city for creating new housing opportunities around station areas, in multifamily zones and in single family zones.

Included in SKCR's recommendations are the following:

<u>Grow the urban villages</u>
We have many low density areas in which a greater intensity of use could improve housing options and improve community character and quality. The following measures should be implemented:

More ADUs
Encourage more accessory dwelling units and backyard cottages. Existing regulations are relatively restrictive. Explore removing the owner-occupancy requirement.

Thoughtful urban village transition
At the edges of urban villages, encourage a transition in scale, height and bulk of buildings between higher-intensity and single-family areas. The transition area would allow low-rise housing types (duplexes, triplexes, cottage housing).

Simpler code
Remove duplicative single-family rezone criteria. Including rezone criteria in both the Land Use Code and in the Comprehensive Plan is unnecessary. It creates a longer, more expensive, two-step process to consider rezoning single-family parcels.

<u>Encourage multifamily housing</u>
To protect Seattle's legacy single family neighborhoods, it will be necessary to accommodate the vast majority of new growth in multifamily housing. To do so effectively demands a number of measures.

Increase the land available to multifamily housing.
HALA recommendation: *New multifamily zoned land should be prioritized near green belts, open space and parks; near schools and community centers; and within walking distance of the frequent transit network.*

Increase building heights in multifamily zones.
HALA recommendation: *Modify height limits and codes to maximize economical wood frame construction*

Change 65' zoning code height limits to 75' or 85'. This change would allow buildings to maximize cost efficiencies in "Five over Two" construction and would allow another story of housing on some sites without dramatically changing the scale of development. An 85' height limit could also be explored in conjunction with other adjustments to the building code to allow a sixth story of wood frame construction.

Consider increasing 30' and 40' zones: Upzones within this increment would significantly lower the per square foot cost of building new housing. The same or similar investments in construction of a base story and infrastructure could support five stories of housing instead of two or three with this change.

Consider building and fire code modifications to allow six stories of wood frame construction: Distinct from the proposals above, the City should review the possibility of stretching economical wood frame construction even further. This could take the form of building code changes to increase the height limit or allowed number of wood frame stories. This action needs careful vetting to ensure fire and life safety protection.

Increase flexibility on multifamily type

Remove code barriers to small flats or apartments in some multifamily zones. In some of the Lowrise multifamily zones, townhouse or rowhouse forms of development are favored by the code over stacked flats (apartments or condominiums located on different levels in a building). This can limit production of potentially greater numbers of housing units, or limit the housing product to ownership units instead of rental units. The City should change the code to allow more stacked flats in all Lowrise zones.

Remove recently created barriers to the creation of congregate micro-housing

Increase Zoned Capacity in Light Rail Station Areas

Seattle has underzoned its station areas. Greater intensity is needed to support ridership and leverage the major, long-term investment in light rail. Increase zoned capacity in these areas provides a golden opportunity for the city to promote more affordable housing units. As a matter of policy, station area density should be zoned for 50-year growth or more, rather than the 20-year GMA planning horizon.

Public property
HALA recommendation: *Where feasible, make City owned property available for housing.*

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Simpler regulation, smoother process
For too many projects, design review adds costs and creates project delays with no added benefit for the project proponent or the public. In many instances, constraints placed on projects by design review make it difficult to meet the zoned density. The design review process should be revised to meet the aesthetic objectives of the program without adding undue costs or restrictions to the project.

King County Comprehensive Plan Update

Transfer of Development Rights (TDR) program is just one of the items drawing attention in the update to the County's comprehensive plan.

King County has released for public review a draft of possible updates to the County's comprehensive plan. Public comments on the public review draft (link) will be accepted by the County until January 6, 2016. Then staff will then have two months to evaluate the comments and prepare any amendments it believes to be well-advised before forwarding the update recommendations to the County Council in early March, 2016. Items that are initially drawing attention and close review – especially among home builders – include:

- Chapter II Urban Communities (link) , and in particular sections U-120 through U-122a regarding changes to the current Transfer of Development Rights (TDR) program, as well as
- Changes to U-185 regarding the "Four–to-One Program," and
- The extensive changes to the Potential Annexation Areas section, which all appear in the Urban Communities chapter.

Auburn Comprehensive Plan Update

Comprehensive plan updates in the city of Auburn under review include an up-zone and an emphasis on more diverse housing types.

The City of Auburn has identified a number of changes it would like to make to the City's comprehensive plan that is now under review, including:

1. An up-zone to R7 (*7 units per acre*) for of all land currently zoned R5 (*5 units per acre*)
2. The city is proposing to change from "net density" to "gross density" with bonus options and an emphasis on more amenities, such as trails and/or other multi-modal, non-motorized connectivity, and
3. 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. Patricia Akiyama, who is working on Buildable Lands issues for the Masterbuilders, notes that Auburn is emphasizing 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."

The City Council may act on the proposed changes as soon as December 21st after three public hearings before the Planning Commission on December 8th.

Issues & Impacts

Maple Valley Comprehensive Plan Update

Additional housing supply, including senior housing opportunities, supported by REALTORS® in the process of updating Maple Valley's comprehensive plan.

Maple Valley: REALTORS® are supporting new comprehensive plan designations for major parcels of land in the City of Maple Valley. 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 have been unsuccessful in attracting new businesses to the property. In addition to providing more diversity in housing opportunities, changing the land use designation and zoning to residential would add more household incomes to the city limits, thereby increasing the sales tax revenue the City urgently needs going forward.

Covington Comprehensive Plan Update

Greater housing variety, at varying densities, as well as greater pedestrian connections between and within neighborhoods and commercial areas are moving forward by the city of Covington.

Covington: The city of Covington is moving forward to update its Comprehensive Plan as required by state law, and the primary focus is on two destination centers. Members of the Masterbuilders Association characterize the City's effort as "emphasizing the need for greater housing variety such as townhomes and mixed-use residential, at varying densities, as well as greater pedestrian connections between and within neighborhoods and commercial areas."

The two destination centers are *The Town Center/Downtown*, and the *Lakepointe Urban Village* (currently the subject of the Hawk Property Annexation supported by the REALTORS®) which would also become the northern gateway to Covington.

In both centers, say the Masterbuilders, the City is "promoting mixed-use development to allow people to live, shop and work while reducing vehicular traffic." Consistent with Goal #4 of the Growth Management Act, the City's plans for the two destination centers as set forth in the Comprehensive Plan's draft Housing Element (link) amendments would "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."

Low Impact Development (LID) Could Make It Harder and More Expensive To Add Inventory

The Washington Department of Ecology has mandated that cities throughout Washington adopt Low Impact Development (LID) related regulations and standards no later than December 31, 2016. The mandate comes in reference to new permit requirements under the federal Clean Water Act, and it could make it harder and more expensive to bring new homes and condos to the market for REALTORS® and buyers.

In the most basic and simple terms, REALTORS® and builders should anticipate new standards that require all stormwater to be contained and managed on-site, rather than stormwater being collected and distributed or managed off-site…kind of like the difference between using a piece of pipe, and using a sponge, to manage stormwater.

The adoption of LID regulations and standards will have far reaching implications on public and private activities involving land within City limits. LID will affect future City capital projects and maintenance and operations activities. It will also affect how residents, businesses, property owners and land developers develop and operate their properties.

Ecology expects to have the right to shut down a project that has received permits and development approvals if Ecology believes the City standards are not sufficient under the Clean Water Act requirements. So, builders and property owners should expect more "front-loaded" costs in the development process as cities try to ensure that does not occur.

In Auburn, a multi-department staff team called the LID Core Group has been meeting throughout 2015 to conduct needed analyses of current City codes and regulations to identify where updates will be needed and to recommend changes. Through these efforts, the Group has come to appreciate the need for a proactive public education effort to inform residents, businesses, property owners, land developers, City Council, and staff in all City Departments of the potential benefits and impacts that LID will have. Auburn has retained Brice Maryman, of the SVR/MIG consulting firm to assist City staff in the effort. Earlier this year Auburn city staff members indicated they had contacted other jurisdictions to invite collaborative efforts to figure out how cities might respond to the new mandates, but there was great variety in when and how the various jurisdictions intended to take up the issue.

In Bellevue, the Masterbuilders Association reported it has scheduled meetings with the city staff regarding the Low Impact Development (LID) Principles Project. The project is an effort the City has undertaken to gather feedback from the community and industry professionals on how to best implement LID standards into the City's future stormwater regulations. The City has scheduled one last stakeholder meeting for Dec. 9 from 10:00 a.m. to 12:00 p.m. at Bellevue City Hall.

Impact Fees Increase the Cost of Adding New Inventory

Kent: The city of Kent is changing the way it adopts impact fees in response to concerns raised by housing advocates.

Earlier this year, in September, with little outreach or advance notice, the Kent City Council adopted a new *fire impact fee* to provide additional financial support for the Kent Regional Fire Authority (K-RFA) that the City had created in 2010.

But the way the new *fire impact fee* was approved created concern within the housing industry because of the potential for such unexpected changes to project costs to create havoc with the financing of new home construction.

The creation in 2010 of the new Kent Regional Fire Authority (as a separate agency that is not a part of the City) not only freed-up city property taxes for other non-fire city purposes, it also

(1) Gave the K-RFA its own brand new property tax base, and
(2) Gave the K-RFA a new *"fire **benefit** fee."*

The new *fire **impact** fee* approved this year by the City Council (which is different from the K-RFA's new property tax and the *"fire **benefit** fee"*) gives the K-RFA a third source of revenue without the necessity to obtain voter approval of the funding.

So, in response to concerns raised by housing advocates, on October 20th the Kent City Council approved an ordinance amending the City's municipal code to require a Public Hearing before the adoption of new impact fees.

The City Council also approved an ordinance regarding the City's program for the delayed collection of impact fees. This ordinance brought the City's current impact fee deferral program into compliance with state law.

Covington: The City of Covington has repealed an *impact fee exemption* for affordable housing after being sued by the Kent School District in connection with the City's effort to attempt to help the most economically vulnerable families obtain housing that the families could afford to rent. The City had also exempted the affordable housing projects from the City's own impact fees (while continuing to be strong supporters of Kent schools, including moving forward to collect more than a million dollars of other school impact fees for the Kent School District).

City officials were very restrained in their verbal statements, but their disappointment with the Kent School District's decision to file a lawsuit was palpable, especially in the face of what councilmembers said were multiple opportunities for the school District to resolve any disagreement without the necessity for any litigation.

While final figures are not yet available, it appears the Kent School District may have been putting the City and the District in a position to spend more on attorney fees to litigate the matter than the amount of impact fees that were at issue with the exemption; and in the case of the Kent School District's legal fees, concerns have been expressed that those funds could have been used in the classroom instead of the courtroom if the District had wanted and chosen to do so.

Milton Transportation Impact Fees: The Milton City Council has adopted an updated Transportation Impact Fee of $3,941 for each "P.M. peak hour trip". The prior impact fee had been in place, and had not been adjusted, since 2002. The City's new impact fee ordinance (#1869) provides that the new fee is to be "adjusted annually by applying the *Engineering News Record annual construction cost index* to the 'cost per trip' fee amount."

According to the City, the purpose of the transportation impact fee ordinance to ensure that adequate transportation facilities are available to serve new growth and development, promote orderly growth and development (by establishing citywide standards by which new growth and development pay a fair and proportionate share of the cost of citywide transportation facilities necessary to serve the new growth and development), and ensure that impact fees are imposed through established procedures and criteria so that specific development does not pay arbitrary fees or duplicative fees for the same impact.

Regulatory Changes – Some Good for Housing, Some Not So Much

SeaTac: With support from the Seattle King County REALTORS®, the SeaTac City Council has amended Title 14 of the City's development code to increase the number of lots allowed within 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."

In 2002, state law was changed to allow cities and counties that were doing comprehensive land use planning under the state's Growth Management Act (RCW 36.70A) to increase to nine (9) the number of lots allowed within a short plat. Previously, no more than four (4) lots were allowed in a short plat.

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.

The city of Auburn is examining regulations regarding frontage improvements on single family and 2-lot short plats.

The city of Auburn is examining regulations regarding frontage improvements on single family and 2-lot short plats as part of a larger discussion about the challenges facing both builders and land developers and the city. The Masterbuilders Association explained that in-fill lots are in many ways more challenging to build on, and that both the City and builders would benefit from an open discussion about how to address the challenges.

Mercer Island considered moratorium on subdivisions, lot coverage deviations

Mercer Island: The City Council considered restricting new inventory from coming to the market in single family residential zones if the housing project application has not already been submitted to the City.

The Council considered the imposition of a 6-month building moratorium that would prevent all property owners from filing a subdivision and/or lot coverage deviation application with the exception of those applications that have already been submitted to the city. The 6-month limit could be extended multiple times at the discretion of the City Council.

Your clients' ability to purchase single-family homes would have been further limited by a moratorium preventing single family housing inventory from reaching the market.

The Seattle King County REALTORS® issued a call to action to 150 REALTORS® who reside on Mercer Island, submitted written comments, and 2016 President-elect Sam DeBord testified before the City Council at its December 7th meeting when the moratorium issue was placed on the City Council's agenda. As a result, the Council did not enact a moratorium.

Kent updates its Accessory Dwelling Unit ordinance

The City has updated its Accessory Dwelling Unit (ADU) ordinance, with a special focus on broadening the definition of ADUs in KCC 15.02.003 to provide that an ADU is "a habitable dwelling unit added to, created within, or detached from and on the same lot with a single-family dwelling that provides basic requirements for living, sleeping, eating, cooking, and sanitation."

In addition, the amendments to the City's code provisions regarding ADUs have been modified to provide that an *Accessory use or structure* means a use or structure on the same lot with, and of a nature customarily incidental and subordinate to, the principal use or structure. Accessory structures include, but are not limited to: garages; accessory dwelling units; guest cottages; sheds; storage buildings; and workshops.

The ordinance also creates flexibility for situations where it's not feasible to locate the ADU on the rear ½ of the lot, limits the combined footprint of all accessory buildings to 15% of the lot area, limits the height of ADUs to 20 feet or the height of the principal structure (whichever is less), and requires ADUs over 12' feet high to be visually compatible with the principal structure with regard to both exterior finishes and trim.

The City ordinance adopting the changes formally recognizes that "Accessory dwelling units increase the supply of affordable rental units through better use of existing single-family housing stock, and provide for more flexible housing options."

School Districts' Plans – Information Buyers Want to Know

Some Districts Plan to Ask Voters in February for More Funding

Auburn School District Proposes Educational Programs and Services Levy

The Auburn School District has announced it will ask voters in February 2016 to approve a $176.85 million 4-year educational programs and services levy that is intended to replace the District's expiring 2012 levy.

The funds will be used to provide supplemental instructional support, health services, transportation, instructional services and equipment for special needs students; maintenance and custodial services, transportation operational costs, and instructional and educational costs for ELL students and athletics.

Approximately 55% of the District's students qualify for free or reduced lunch, and students in the District speak more than 65 languages and dialects as their native tongue.

In the 2014-2015 *Smarter Balance Assessment* Auburn schools performed below "state average" results for 5th and 8th grade science, and 10th grade biology. However, for *English Language Arts* and *Math*, Auburn students exceed "state average" Assessment results in 12 of 14 measures for the 3rd, 4th, 5th, 6th, 7th, 8th and 11th grades.

The Seattle King County REALTORS®, through its governmental & public affairs committee, unanimously *endorsed* the Auburn School District's 4-year education programs and services levy.

Federal Way School District Proposing Technology ballot measure

In 2005 and 2010, voters in the Federal Way School District approved technology levies to pay for technology costs not funded by the State of Washington. Now, to continue supporting the technology needs of both students and staff the Federal Way School District plans to submit a $24.4 million technology ballot measure to voters at the special election in February 2016. The District says the funds will provide funding for the infrastructure - the network, both hardwired and wireless - as well as hardware such as computers and tablets.

New School Planning and Construction Underway

Tahoma School District's new elementary school

The Tahoma School District's new Lake Wilderness Elementary School is scheduled to open for classes in September 2017.

The School Board examined, and approved, the concept drawing for the school at its meeting on November 10th. Architects from TCF Architecture of Tacoma presented educational specifications, which the board formally accepted, and conceptual drawings and layouts for the school. The two-story structure will have the capacity to house 750 students and includes plans for a gymnasium and separate cafeteria. A large athletic field is planned for the site where the current school buildings now stand. The existing school will be demolished when the new school opens.

Meanwhile, construction is underway on the new grades 9-12 comprehensive Tahoma High School that is being build adjacent to 272nd street to accommodate 2,400 students. Like the District's new Lake Wilderness Elementary School, the new Tahoma High School is scheduled to open in the fall of 2017 and is being built with proceeds from a construction bond measure approved by voters in 2013.

As the District grows, the addition of new schools means the Tahoma School District will have to make adjustments to school attendance boundaries, including the attendance boundaries for all of the District's elementary schools. The School Board has selected 14 representatives and seven alternate members to serve on the school district Boundary Review Committee. The committee members were drawn at random from a pool of 168 candidates based on the school their child attends; or, were part of an at-large group if they have no children in school or if their children are in high school. Along with transportation staff and district staff, committee members will begin meeting in December to determine how attendance areas can be created to balance enrollment when the District moves from four to six elementary schools. The committee will also create proposals for middle-school attendance areas.

Issues & Impacts

Police & Fire Issues

One of the top priorities of local government (some REALTORS® would say *the* top priority) is Public Safety: Police, Fire and Paramedics. Even though cities tend to pay close attention to these services so that they're not often issues for REALTORS®, buyers or sellers, occasionally there are public safety items that may deserve a brief mention. Here are two such items:

Normandy Park – Funding Police Positions:

Keller Williams REALTOR® Patti Gifford announced that residents of Normandy Park have come together to form a new non-profit foundation that intends to raise $276,000 to save three city Police Department positions for 2016.

Gifford is the President of the new FRIENDS OF NORMANDY PARK FOUNDATION (FONP) which was created following the defeat by 283 votes of a City "levy lid lift" in the November 3rd General Election. The "lid lift" which voters failed to approve would have continued funding for two *Police Officer* positions and a *Records Specialist* position. As a result, the Foundation was formed to raise the $276,000 to avoid the Police Department layoffs occurring on January 1st in order for the City to balance its 2015-16 budget.

Believing the layoffs will negatively impact public safety in their community, Normandy Park residents Patti Gifford, Gerry Osgood, Lynn Hewitt, Mayor Susan West and Tom Munslow began a grassroots effort, and established the new 501(c)(3) foundation called Friends of Normandy Park (FONP), which also includes community members and local businesses who are working to raise $276,000 in donations to save the three Police Department positions for 2016.

"We are just trying to solve this problem now and keep the police at full strength for 2016. If we have layoffs, there are costs. If we then rehire, we have more costs. It is not fiscally prudent to do that. All the money we raise will go to salaries and benefits: health, disability insurance, retirement," said supporter Stuart Jenner.

For more information see www.SupportNormandyParkPolice.com (link), or donate online with the GoFundMe Campaign at www.gofundme.com/SupportNPPolice (link). Snail mail for checks: FONP, Box 720, Normandy Park, WA 98148

Tukwila – Eliminate the Fire Department to become part of Kent-RFA?

Will Tukwila shut down the city fire department and annex to the Kent Regional Fire Authority in an effort to balance its budget?

The city of Tukwila has been struggling to balance the city budget. So, back in September of 2014 the City Council began evaluating whether or not to shut down the city fire department and instead to annex to the Kent Regional Fire Authority (K-RFA) which already includes the cities of Kent, Covington and SeaTac, as well as King County Fire District 37. Covington and SeaTac's representatives on the RFA's Governing Board are non-voting members.

To vet the idea the City Council appointed a "Steering Committee" of councilmembers, residents, business representative and fire fighters who were charged with researching the matter and reporting back to the City Council with a recommendation. Now, nine months later, the "Steering Committee" has delivered its recommendation to the Council that the City should shut down the City fire department and annex to the K-RFA for fire services.

But the Steering Committee's recommendation was not unanimous.

Nearly six years ago as the state continued to significantly reduce funding it provides to local governments, the State Legislature authorized cities to create "Regional Fire Authorities" or RFAs. Each RFA was given its own new authority to levy property taxes of $1 per $1,000 of assessed value, which did three things:

1. It allowed cities to choose to regionalize the delivery of fire services, instead of each city having its own fire department
2. It raised total property taxes paid by property owners (because now both the RFA *and* the cities were collecting property taxes), and
3. It created a property tax windfall for cities because even though cities no longer had to spend money on fire services, the city still got to keep all their property taxes (which they could then spend on other things).

In addition, the State Legislature also authorized each Regional Fire Authority to collect a *"fire benefit fee"* (in addition to property taxes) of up to 60% of the RFA's operating budget for day-to-day operational expenses such as salaries, equipment, fuel and utilities.

The City of Kent also recently added a third source of funding for the K-RFA in the form of *"fire impact fees"* on new construction.

Much of the difference of opinion on the Steering Committee in Tukwila is the result of issues related to funding, and to concerns about control and accountability of the provider of fire services.

Those supporting shutting down Tukwila's fire department and annexing to the K-RFA tout the regional partnership which they said would provide better service, an accredited fire department, economies of scale, access to the *"fire benefit fee"* funding that is not available to the city, an organization that maintains reserves for future capital costs (which avoid the necessity of the City to seek voter approval of bonds for fire-related capital construction costs), and accountability (in the form of the requirement that the RFA must seek voter re-authorization of its *fire benefit fee* every 6 years). Operationally, as a larger organization, the RFA would also be better able to deal with vacation and sick leave issues, according to proponents of the idea.

Those on the Steering Committee who want the City to keep its own fire department instead of annexing to the K-RFA claim the costs to property owners would be higher, and that there would be less community control and accountability because the majority of the decisions would be made by individuals from outside the city. From a financial perspective, opponents say that retaining the Fire Department as a city service allows more checks and balances on priorities for municipal spending, that higher costs would make Tukwila more expensive and thus less attractive to new businesses, that paying for a ballot measure every six years creates new expenses and provides less certainty that funding will be available for 60% of the RFA's operating budget. In addition, they said, the fire benefit fee (which is in addition to property taxes) hurts housing affordability, the city would lose the opportunity for routine fire-safety inspections of businesses, and annexing to K-RFA would hurt Tukwila's community identity in the region.

Access to Mortgages

Even though a few sub-markets in King County - most notably downtown Seattle - now have perhaps 25% of buyers paying all cash, the great majority of real estate purchases in King County still depend upon the buyer's ability to obtain a mortgage. Without access to workable financing for the buyer, there is no transaction. No Transaction = No Commission. So, the advocacy efforts of the Association of REALTORS® continue to pay careful attention to whether or not financially capable buyers have access to a mortgage.

FHA Condominium Rules Change to Help Buyers

On November 13th Ed Golding of the FHA joined NAR President Chris Polychron in announcing important new changes to FHA condominium mortgage financing policies. The news was welcomed by the REALTORS® who have long-advocated for broad improvements to FHA's condo rules because the existing policy has been overly restrictive and kept many consumers from buying and selling a home.

As a result, effective immediately, FHA is making changes to its lengthy and complex recertification process. The change will increase the number of condominium projects eligible for FHA approval. Specifically, the changes will streamline the agency's condominium recertification process and expand the eligibility of acceptable 'owner-occupied' units to include second homes that are not investor-owned.

In addition, in the near future FHA will engage in formal rulemaking in order to implement changes regarding owner occupancy, commercial space percentage, FHA concentration and spot approvals.

NAR President Chris Polychron said,

> *"Realtors® and consumers got a welcome piece of news today with HUD's commitment to fix FHA's condo policies and broaden opportunities for families to find a home. Condos are often the most affordable option for homebuyers, especially first-time buyers, and making sure FHA financing is an option is important to supporting homeownership. This is a win and a tremendous step in the right direction. NAR applauds HUD Secretary Julian Castro and FHA Principal Deputy Assistant Secretary Edward Golding for taking action to improve access to credit for condos. We look forward to working with them again in the future to help more Americans achieve the dream of homeownership."*

REALTORS® Kill Proposal to Divert Mortgage "G-Fees" on Home Loans To Pay for the $340 Billion 6-year Federal Transportation Budget

REALTORS® very effective in contacting Members of Congress in advocating removal of a portion of the proposed funding of transportation with guarantee fees (g-fees).

In the wake of the Great Recession, Fannie Mae and Freddy Mac began collecting extra fees (known as "G-Fees") on loans they insured in order to help ensure solvency of their organizations in the event of a defaults on insured loans. Those extra "G-Fees" on mortgage loans are ultimately paid by borrowers and serve to raise the cost of the buyer/borrower's loan.

Those "G-Fees" have helped Fannie and Freddy to repay all of the money loaned to the entities by the federal government, with interest, and they are now flush with significant cash reserves.

While home buyers (and especially 1st Time Buyers) are struggling to obtain a mortgage they can afford, Congress is struggling to figure out how to raise enough money to fund the final three years of a proposed new 6-year, $340 Billion Transportation Funding Bill that would pay for federal highways and transit projects.

In response, members of Congress proposed HR-22, and included a provision that would divert the Fanny and Freddy “G-Fees” to transportation projects instead of reducing loan costs for homebuyers with federally insured loans, or retaining the excess funds at Fannie and Freddy to deal with future loan defaults.

REALTORS® and lenders said “No!” and members of the U.S. House of Representatives in Washington D.C. backed off, as well as the U.S. Senate. President Obama is expected to sign the bill into law.

Here in Washington State (where Seattle King County REALTORS® account for about a third of all the REALTORS® in the state) 20% of all the REALTORS® used NAR’s **REALTOR® Action Center** to contact their members of Congress and said “No!”

Members of the U.S. House of Representatives were listening, and backed off. That, in turn, prompted a special “Thank You” from the National Association of REALTORS® for the help from Washington State in killing this really, really, really bad idea!

FHA Fund Unexpectedly Rebounds Past 2% Target

For the first time since the financial crisis in 2008, FHA now has reserve funds that exceed the minimum amount required to ensure the agency remains financially solvent. The news is likely to put immediate pressure on HUD to cut premiums again for FHA loans, which remain high from an historical perspective.

FHA is required to maintain reserves of at least 2% of the value of the guaranteed loans it has insured. FHA’s reserves are now equal to 2.07%, even though last year they were just 0.4% and actuaries had forecast they would be just 1.3% in September of 2015, and would not reach 2% until September 30, 2016.

“FHA is on solid financial footing and positioned to continue playing its vital role in assisting future generations of homeowners,” said Housing and Urban Development Secretary Julián Castro. “We’ve taken a number of steps to strengthen the fund and increase credit access to responsible borrowers.”

Castro said last month that the department would move cautiously before cutting premiums.
“Today’s report demonstrates that we struck the right balance in responsibly growing the fund, reducing premiums, and doing what FHA was born to do - allowing hardworking Americans to become homeowners and spurring growth in the housing market as well as the broader economy,” said Castro.

For more information see: **http://www.nationalmortgagenews.com/news/origination/fha-fund-unexpectedly-rebounds-past-2-target-1066024-1.html?utm_medium=email&ET=nationalmortgage:e4010451:a:&utm_source=newsletter&utm_campaign=-nov%2016%202015&st=email**

In Other News

Progress on a Major Eastside Trail Amenity

King County Parks is working on a master plan for the 42-mile Eastside Raid Corridor that will serve the region's non-motorized transportation needs and recreational activities.

Last November, the King County Council approved Executive Dow Constantine's proposed phased removal of all rail tracks along the Eastside Rail Corridor (ERC) as the County prepares the former rail line for use as multi-purpose transportation corridor.

The 42-mile corridor runs from Renton to Snohomish, through Woodinville, Kirkland, Redmond and Bellevue, and parts of unincorporated Snohomish and King counties. It is owned and managed by King County, the cities of Kirkland and Redmond, Sound Transit, and Puget Sound Energy. The ERC was purchased with the goal of developing a shared, uninterrupted multi-use corridor through the spine of east King County.

Once completed, it will be a major recreation and transportation amenity for homeowners and employers.

King County Parks is working on a master plan for the corridor from Renton to Woodinville that would serve the region's non-motorized transportation needs, provide expanded recreational opportunities, and connect communities like never before.

Protecting Your Business

Elections in 2015

Laws govern the way in which you conduct your business and affect your bottom line. Laws are made by elected officials. This year elections were conducted for the county council, city councils throughout King County, Port of Seattle, and one legislative district in King County.

REALTORS® don't just sell homes. We sell neighborhoods and Quality of Life.

REALTORS® know that Quality of Life begins with a good job in a company that has a great future. Homes are where those jobs go at night. That's why it's so important to have elected officials who understand the key contribution that jobs and housing make to healthy, vibrant communities.

We need elected officials who share our REALTOR® values, and who appreciate the hard work you do as a real estate professional. So, members of the Association reviewed voting records of elected officials. And it's why your REALTOR® colleagues interviewed candidates running for office.

Seattle King County REALTORS® awarded 51 endorsements to local candidates in the general election 40 of which succeeded in the general election. The REALTOR® Voting Guide was mailed to brokers in King County prior to the election.

Seattle Voters Remain Supportive of Tax Measures

This past November, Seattle voters approved a major transportation funding measure by a wide margin. The measure will collect $930 million over 10 years to fund sidewalk, road repair, bikeways and bridge retrofitting. Despite a well funded and organized opposition campaign, the measure passed by nearly 59%, suggesting that Seattle voters have not reached a level of tax fatigue. This is good news for Sound Transit which is developing its Sound Transit 3 package, expected in November 2016.

REALTORS® Political Action Committee (RPAC)

NEW! An Easy, Quick Way to Protect Your Business - REALTOR® PAC ONLINE

Introducing a new secure, online REALTOR® PAC (RPAC) investment site making it easier than ever for busy REALTORS® to protect their business. We can't all go to Washington DC, the state Capital or even our City Halls while government leaders are making decisions that affect our industry; but while we are busy, REALTOR® PAC can fight for us and for our clients. Please make an investment of $50, $100 or $500 to ensure that when government acts there is no harm to real estate, no new taxes and no added, unnecessary complications to the real estate transaction. Visit: http://www.realtoractioncenter.com/rpac/?referrer=http://www.nwrealtor.com

SKCR has raised over $270,000 for the REALTOR® PAC in 2015. Please invest in REALTOR® PAC at www.warealtor.org/government/political-affairs/

Issues & Impacts is a quarterly publication produced by SKCR to inform members about current issues and successes within your Governmental Affairs Department. Our next publication will be released in April 2016. The 2015 VP of Governmental & Public Affairs is David Irons davidirons@cbbain.com, VP-elect of Governmental & Public Affairs is Shane Davies myagent@windermere.com, staff director is David Crowell dcrowell@nwrealtor.com, and our local legislative housing advocates are Sam Pace sam@sampace.com and Randy Bannecker randy@bannecker.com. Please call David Crowell at (425) 974-1011 ext. 704 if there are any local legislative issues that need SKCR's attention.