



2018 Housing Issues Briefing

Shane Davies, Seattle King County REALTORS® President Remarks

Welcome

Good afternoon. Thanks so much for joining us today for the REALTORS® 24th annual Housing Issues Briefing. We appreciate it! I'm Shane Davies, owner of Windermere Real Estate/Maple Valley. I have the privilege to serve as the 2018 President for the 7,000 members of the Seattle King County REALTORS®.

On behalf of our REALTOR® Association I want to express my thanks and appreciation to each of you who serve as elected officials – or who are candidates for office – for offering your time, and your talents, in public service. We honor your commitment to our communities.

Before we get started, I'd like to recognize Russ Hokanson, our CEO. Russ, will you please stand and be acknowledged?

I'd also like our REALTORS®, affiliates and staff members from our local and state associations to please stand! Thank you.

Our annual Housing Issues Briefings are intended to provide you with information you can use on the campaign trail, including some suggested legislative initiatives to pursue, and to support, as a public official. This is our 24th Annual Housing Issues Briefing, but candidly, I think it's **the most important** Housing Issues Briefing we've ever offered to our current and future elected officials.

That's because we – you and I, and the communities we serve – confront an enormous housing supply and affordability crisis that has become an undeniable emergency. Allow me share this with you: [news segment, KOMO News <http://komonews.com/news/local/buyers-look-north-and-south-of-seattle-as-average-home-price-soars-to-nearly-800000>].

The law of supply and demand cannot be repealed, and it is at the core of the crisis. The hard truth is that **we don't have enough housing units for everyone who needs a place to live.**

That single fact is at the heart of Washington's housing crisis. So, let me say it again, because...

- It's the most important thing you will hear today;
- It's responsible for our skyrocketing prices and rents;
- It's the reason median-income, moderate-income, and low-income households are being displaced;
- It's a key reason 40,934 students attending school in Washington are homeless;
- It's the reason our efforts to address homelessness have failed to prevent enormous increases in the number of homeless people, including children; and
- It's the most important thing that must change if we are going to save the Central Puget Sound Region.

We don't have enough housing units for everyone who needs a place to live.

Fixing that is the biggest challenge you will face as an elected official. But it can be fixed! It **must** be fixed. And we are assembling an enormous coalition to stand with you to get the job done!

It cannot wait, because the housing affordability crisis is ugly... and getting uglier. Multiple offers are the norm, and prices are increasing dramatically. Seattle home prices have increased more than 10 percent, (year-over-year), for 26 months in a row. For the last 17 months in a row, home prices here have increased at the highest rate in the entire nation.

The numbers you just saw in that KOMO video (from five weeks ago) are already outdated. In April, the median (or middle) price in King County for houses was \$725,000 – that's countywide! In Seattle it was \$819,000, and on the Eastside it was \$943,000.

But if you look at the Hot Sheet Highlights we just released (which has new numbers that are less than 24 hours old), you'll see that even the numbers on the screen are now obsolete. The crisis is getting worse, almost by the hour!

Here in King County – and in much of the state – it feels like a whole generation of families are not only losing hope, but also losing access to the American Dream... faster than you can pass a head tax! It's an especially discouraging situation for buyers who need a mortgage to afford these skyrocketing prices, but are forced to compete against all-cash buyers in multiple-offer situations.

A rough rule of thumb is that your maximum purchase price is about three times your annual income. So, even buying a mid-priced condo typically requires an annual income of \$150,000, plus the downpayment and closing costs.

We used to rely on condominiums to offer first-time buyers an affordable option. But condominium prices have exploded as inventory has plunged. Take a look at this recent news story about our condo market: [news segment, King 5

<https://www.king5.com/video/news/local/seattles-condo-conundrum-worse-than-ever/281-2826777>].

Of critical importance, four to six months of inventory is considered a balanced market. But in all of King County there is only a 22-day supply of condominiums.

The result? During the last year, in many areas of King County condo prices have increased between 30 percent and 47 percent. And in the Richmond Beach – Shoreline area, condo prices have increased 235 percent in a single year.

As this crisis grows, it's harming more, and more, working families. And crushing lower income families.

We don't have enough housing units for everyone who needs a place to live. So, families have been forced to look for housing much farther from their jobs, and commute long distances to work, in order to try to find something – anything – they can afford.

Those longer commutes are a big problem:

- The concentration of transit expenditures close to Seattle has left more affordable areas in the PSRC four-county area seriously underserved;
- Longer commutes increase congestion, and dramatically increase the cost of transportation solutions;
- Longer commutes mean more air pollution, and a larger carbon footprint;
- Sprawl “leap-frogs” across county lines;
- And worst of all, longer commutes erode our quality of life by robbing us of time with family and community.

An unhealthy real estate market hurts:

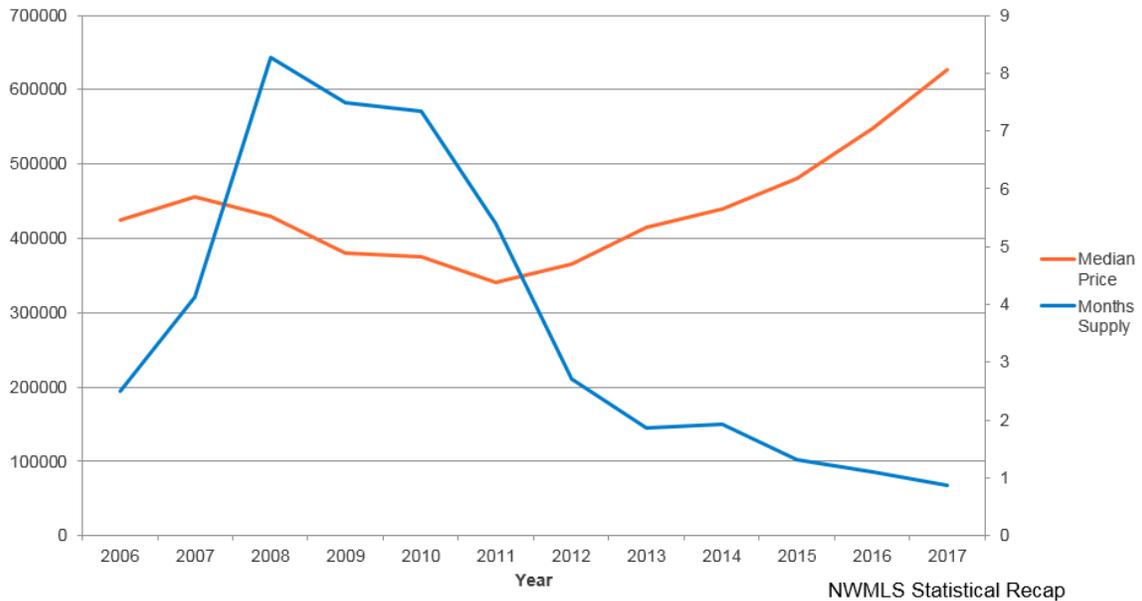
- Our families,
- Our quality of life,
- The economic competitiveness of the region, and
- Eventually, the tax revenues our state and local governments need in order to provide basic services.

Four to six months of housing supply. That's a key indicator of a more balanced real estate market, the kind of market that will help to moderate price increases!

But as this graph shows, we haven't had a healthy real estate market in King County since 2011... seven years ago. And since that time, we've been well below two months of supply here in King County.



King County SFR *Completed year only



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Today, we have an opportunity to learn from our distinguished panelists about housing policies that will help restore affordability and build strong communities.

We'll talk about bills that came up this past legislative session on buildable lands, condominium liability reform, and minimum densities. We'll also look at solutions from other cities.

Introduction of Panel Speakers

I have the pleasure to introduce our speakers. We've placed their printed bios at your tables.

Tana Senn is a state representative for the 41st legislative district here in King County. She sits on the Appropriations Committee, the Education Committee, and serves as Vice Chair of the Early Learning and Human Services Committee.

Margaret Morales is a Senior Research Associate at the Sightline Institute. Her work on Sightline's Housing and Urbanism Team has focused on state and local policy measures to boost housing diversity in the Seattle area.

Joe Fain is the state senator for the 47th legislative district here in King County. He is currently a member of the Ways and Means, Rules, and Health & Long Term Care Committees.

Guy Palumbo is the state senator for the 1st legislative district which includes portions of both King and Snohomish Counties. He serves as the Vice Chair on the Higher Education & Workforce Development Committee, the Local Government Committee, and the Energy, Environment & Technology Committee. He also serves on the Ways & Means Committee.

Please help me welcome our panel.

Panel Introduction

During the past 10 years, we've enjoyed robust economic expansion led by sectors including tech, commercial space, life sciences and aerospace. We've truly become a global region. But our housing has not kept pace with that growth. We have an existing shortage of housing.

It appears that situation could get even worse without real solutions:

The PSRC says our region will grow by an additional 1.8 million people by 2050.

King County's share of those 1.8 million people who are coming means more than 430,000 new housing units will be needed over the next 32 years – 13,437 units per year, for 32 years. That's a lot!

Should that change the way we think about land use planning for housing, transportation and employment?

Should the state play a larger role – or perhaps a “top-down” role – in planning for housing (so that we have enough units for everyone who will need a place to live)?

What actions might the state take that would offer “carrots” or “sticks” for local governments to increase zoned densities for the amount of housing that will be needed?

We'll explore these and other issues with our panelists, and then when all of them are done we will take some questions at the end.

Concluding Remarks

Thank you to our panel of distinguished speakers for their very informative insights, and their willingness to help us by participating today.

On your chairs you'll find an evaluation form. The evaluations and comments we've received from prior briefings have been valuable and helpful. If you'd help us by completing an

evaluation we'd appreciate that very much. If you have additional questions or would like to get together to talk about how to implement solutions, feel free to note that on your evaluations and we will follow up.

You can leave your completed evaluation on your table, or at the registration desk on your way out. Thank you for attending. Have a great afternoon!