



**Summary Prepared for Northwest Multiple Listing Service:
Representative Advocacy Successes & Initiatives During the Past Year
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Introduction

The last 12 months have been an especially challenging environment: Seattle's escalating shift to an extremely progressive political environment has not only brought seismic changes to Seattle, it has also changed the dynamics of other local governments in King County.

The result has been an avalanche of new policy proposals that present significant risk to brokers, sellers, buyers, investors, and even renters. Some of those risks are immediate, while the consequences of others will likely be experienced over the intermediate and longer-term.

The challenges have been exacerbated by three factors:

1. As a result of the economic fallout associated with the pandemic, cities in King County are continuing to experience sharp declines in sales-tax revenue, which is one of the two largest sources of funding for local governments. In addition to reducing expenses associated with staffing and operations, and deferring capital projects, cities have been considering larger financial exactions from the private sector (but not directly from voters who could express dissatisfaction at the ballot box with being over-taxed) in order to raise revenues to backfill the growing shortfall in the cities' operating budgets.
2. The issuance (and multiple 30-day extensions) of gubernatorial and local government emergency proclamations in response to the COVID-19 pandemic temporarily shut down the real estate brokerage industry, and required the NWMLS to make changes to its operations, and its messaging to members. The portions of these emergency proclamations (and extensions) which remain in-place continue to constrain some actions of brokers involved in sales and property management, as well as their real estate clients and customers.

3. Fueled by legitimate concerns arising in connection with police, race and justice issues, some hyper-progressive elected officials have sought to mobilize massive protests, which at one point included a peaceful march of more than 50,000 protesters in Seattle, as well as protest in front of the homes of progressively moderate Seattle officials. In several instances the legitimate agenda of the Black Lives Matter movement was co-opted by violent activists seeking chaos rather than constructive public policy debate. The resulting dynamic has constrained policy discussions to a very narrow range of progressive and often irresponsible actions among a very narrow group of public voices and constituents.

Despite an environment that has presented the most difficult advocacy challenges in more than a decade – where almost every undertaking, both defensive and offensive, must be significantly more substantial - we appreciate the opportunity to be able to represent, defend and advance the interests of the members of the Northwest Multiple Listing Service before local governments in King County, and we remain deeply grateful for the support NWMLS provides for our advocacy efforts. Below are some representative examples of our successes and initiatives during the past year.

Representative Advocacy Successes and Initiatives

Re-Opening the Professional Real Estate Brokerage Industry

Seattle King County REALTORS® collaborated with Washington REALTORS® and local elected officials to support re-opening of the real estate brokerage industry following the Governor's initial *Stay Home-Stay Healthy* emergency proclamation. By crafting safe practice protocols that could be put into place for residential real estate brokerage, and obtaining executive branch approval of those, REALTORS® and NWMLS members were able to safely go back to work.

Professional real estate brokerage was one of the very first industries in the state to achieve this success, which served as a model for the rest of Washington's private sector for moving forward to obtain authority to re-open.

It was a profoundly important effort because, initially, the Governor's *Stay Home-Stay Healthy* emergency proclamation shut down the entire real estate brokerage industry in Washington state, and prohibited REALTORS® and NWMLS members from engaging in the conduct of professional real estate brokerage activity. Among other things, this resulted in the NWMLS deactivating the open house function on its website in order to protect members, prospective buyers and sellers, and the general public.

In addition, REALTORS® worked with the Governor’s office to obtain multiple modifications to the emergency proclamations - including reclassifying professional residential real estate brokerage activity is an “essential” activity - which enhanced opportunities for the residential real estate brokerage industry to serve clients and customers, subject to significant “safe practices” limitations.

We supported efforts to allow County officials to “record” transactions on title as an “essential” activity. Without such authorization, closings would not have occurred because the interests of buyers and lenders could not be protected if the seller’s deed and lender’s mortgage lien could not be recorded at the courthouse. Further, the effort included obtaining authorization for property inspectors to conduct residential real estate inspections, obtaining reclassification of property management activities by a licensed professional property managers as “essential,” allowing moving companies to move sellers out of, and buyers into homes and condominiums in connection with real estate transactions, and authorizing property photographers into listings to take pictures for marketing purposes.

Locally, we coordinated with King County and urged the county to proceed swiftly to apply to the Governor for Phase 2 reopening. We ensured the city of Seattle followed King County’s lead and did not create its own set of reopening timelines and protocols. In addition, we supported (and disseminated information regarding) successful efforts of real estate sign companies to obtain clarifications from the executive branch that authorized installation of signage necessary to market property, and to obtain “Phase 2” authorizations from the Governor and executive branch to enhance the ability of REALTORS® and NWMLS members to engage in more vibrant professional real estate brokerage services.

Housing Supply

Re-opening the Residential New Construction Industry

Following the Governor’s Stay Home-Stay Healthy emergency proclamation, we worked with cities throughout the county to support efforts to seek an early re-opening of the Residential New Construction Industry. The time-sensitive nature of obtaining this success was important for four reasons:

- Brokers need additional inventory to sell
- Increasing supply is critical for affordability
- Builders face a construction season that is often limited to the late spring, summer and early fall months – so, timely access to work the dirt, and bring units out of the ground, is critical; and

- New construction produces both additional Real Estate Excise Tax (REET) revenues, as well as temporary one-time increases in property tax revenues, for cities. This is important for brokers because it may help to minimize the inclination of cities to place new or larger tax burdens on the private sector (without a public vote) in order to backfill the COVID-related shortfall in their city budgets.

The Residential New Construction Industry had been shut down by the Governor's *Stay Home-Stay Healthy* order, except for construction activity funded in-part by government subsidies, or which was necessary in order to prevent damage to projects that were already underway.

Nine Mayors in South King County sent the Governor a "Joint Letter" requesting that he re-open the Residential New Construction Industry. The joint letter was signed by Black Diamond Mayor Carol Benson, Burien Mayor Jimmy Matta, Covington Mayor Jeff Wagner, Enumclaw Mayor Jan Molinaro, Pacific Mayor Leanne Guier, Renton Mayor Armondo Pavone, SeaTac Mayor Erin Sitterly and Tukwila Mayor Alan Ekberg.

This action by the Mayors in South King County represented a qualitative change in the status of the issue because the private sector was no longer "flying solo" once the Mayors united and rose-up to publicly advocate the Governor change direction in connection with the scope of his emergency proclamations that had shutdown new residential construction.

SKCR's local advocacy was coordinated with Washington REALTORS® - who also worked with the Governor's office and other industry allies (including the Building Industry's Association of Washington, Masterbuilders and Associated General Contractors) - to support the restart of the Residential New Home Construction Industry that produces new market-rate housing.

Kirkland "Missing Middle" Housing Package

A team of SKCR leaders met with the Kirkland Mayor to offer support and encourage council passage of code amendments designed to leverage market forces to increase the diversity and supply of housing through a neighborhood-compatible approach to residential infill. The chief housing types used are attached and detached accessory dwelling units (ADUs). While many in the community were resistant to the package, SKCR was successful in its efforts to advocate for adoption by the Council.

Seattle Emergency Legislation Enabling Project Review

This spring, we successfully encouraged the Seattle City Council to enact emergency legislation to allow administrative review of construction projects otherwise requiring review by citizen commissions. Once COVID-19 precluded in-person meetings, many Seattle projects making their way through the entitlement and permitting process came to a halt as citizen design review commissions and historic commissions were unable to conduct businesses. The emergency legislation enables administrative staff review of project proposals, allowing the process to move forward.

Seattle “Missing Middle” Housing: Small-Scale Apartments

We supported an initiative by Seattle City Councilmember Teresa Mosqueda that we are optimistic will be a critical first-step towards amending the city’s code to allow small-scale apartments. Most recent housing developments in Seattle have involved larger multi-family projects of 20+ units. The proposal will add a line item to the city budget to require the city’s Office of Planning Community Development to study the effects of allowing small-scale apartments inside Seattle single-family zoning, including duplexes, triplexes, four flexes and row houses, in order to increase housing supply for the “Missing Middle.” Even though these units will not produce additional transactions for brokers (unless the entire complex is sold, or later converted to condos), every unit of any kind that can be added to the housing supply makes a contribution to addressing the pressing issue of affordability.

Seattle Winter Eviction Ban

SKCR worked to oppose the Seattle City Council ban on residential tenancies during the winter months. While the legislation passed, we successfully supported amendments that reduced the legislation’s harm to rental housing owners, including:

- Reducing the period covered by the legislation from five month to three months;
- Limiting the catchment to low- and moderate-income tenants;
- Exempting landlords with four or fewer housing units.

Kenmore Streamlines Accessory Dwelling Unit Regulations

After many months of deliberation, the Kenmore City Council passed revisions to its Accessory Dwelling Unit (ADU). While only one ADU will be allowed per lot, the ordinance increases flexibility and options to homeowners considering the addition of an ADU.

Key elements of the new regulations include:

- Minimum lot size for attached ADUs reduced from 10,000 sf to 6,000 sf, with a maximum ADU floor area of 10% of the lot area up to 1,500 sf.
- Back yard setback reduced from 20' to 10'.
- Parking requirement reduced from one off-street space per unit to no required parking.
- Owner occupancy requirement reduced from ongoing owner occupancy to six months.

Woodinville “Missing Middle” Housing

Seattle King County REALTORS® supported efforts by the Woodinville City Council to pursue review of housing policy, housing development and the growing issue of “Missing Middle” housing in order to analyze socio-economic factors and housing inventory issues that must be addressed to develop goals and policies aimed at improving the availability of housing to people of all incomes over the next few years.

Even though some local jurisdictions have mostly fixated on homelessness and deeply-subsidized rental units, Woodinville’s initiative is a source of encouragement because it is consistent with GMA’s Housing Goal of encouraging housing that is “affordable to all segments of the population.”

Additionally, we worked with the Mayor to establish a Multifamily Tax Exemption (MFTE) program to address the city’s needs for workforce housing.

Issaquah Affordable Housing

In February, the Issaquah City Council voted unanimously to move forward with the *Transit Oriented Development - Opportunity Center*. Once completed, the project, located next to the Issaquah Transit Center, will provide approximately 175 units of affordable and workforce housing, and 185 units of market-rate housing. There is additional work that will be necessary in connection with obtaining intermediate approvals that will be required. However, the Issaquah City Council sent a clear signal that it wants to pursue the project.

Master-Planned Housing Communities in Black Diamond and Covington: 7,500 New Units

Seattle King County REALTORS® this year continued our on-going efforts to increase inventory in South King County through three Master Plan Communities that will provide more than 7,500 new dwelling units at buildout:

- The Ten Trails and Lawson Hills Master Planned Community Developments in Black Diamond will provide more than 6,000 units. Occupancy of properties by new homeowners in Ten Trails remains strong, and dirt work has begun at Lawson Hills with the expectation that pre-sales may begin early next year. We continue to work to build a strong connection between the brokerage industry and the project, including supporting and participating in South King County Women's Council of REALTORS® informational programs and on-site events.
- The \$50 million, 214-acre Lakepointe Project in Covington is now back on track and moving forward to provide 1,500 new dwelling units. A necessary transportation connector road (connecting the development to Kent Kangley Road in downtown Covington) was placed in limbo because of I-976. We worked through the South Sound Chambers of Commerce Legislative Coalition to advocate for restoration of the funding, which was approved.

Permit Extensions in Kent and Shoreline

When Governor Inslee imposed his *Stay Home - Stay Healthy* emergency proclamation that shut down the residential construction industry, it not only created problems for buyers, builders and brokers, it also affected cities in at least two different ways that could have longer-term impacts on the supply of housing:

- The Great Recession required cities to downsize their permitting and planning staffs which tended to be funded from "enterprise accounts" that consisted of permit and plan review fees. So, city permitting and development departments have been stretched-thin since development activity began rebounding from the Great Recession in June 2009.

That situation could be exacerbated if permits (which have been issued for development applications that have already been reviewed and approved) end up expiring before construction can be completed, due to COVID-related delays. Such delays could jeopardize a project's vested development rights, as well as require homebuilders to incur significant additional expense in preparing and submitting updated supportive materials, environmental assessments and traffic studies. It could also necessitate city staff having

to re-do application and plan reviews before issuing replacement permits. New housing units could not only be delayed coming to market, but also be more expensive.

- If permits expire and applicants elect not to proceed with, or to delay, new housing projects, cities stand to lose revenues...such as construction inspection fees, impact fees, one-time property tax revenues associated with increasing the tax base, and Real Estate Excise Tax (REET) revenues if the property would have been sold once preliminary planning and/or construction was completed. These financial impacts on the city are in addition to the fact that brokers are denied opportunities for access to additional inventory if the delays result in cancellation of the project.

In response, Seattle King County REALTORS® has been supporting efforts this year by cities to extend the amount of time permits are valid.

We did so, not only to guard against shrinkage of potential new construction inventories, but also to avoid placing unnecessary strain on city planning and development staff - many of whom are working remotely - as well as to avoid city revenue losses that might result in jurisdictions imposing new or larger tax burdens on the private sector (without a vote of the public) in order to backfill city revenue shortfalls.

One example of how cities have responded is available from Kent. In Kent, Mayor Dana Ralph instructed her Director of Economic and Community Development to use existing authority under the Kent City Code to universally extend all issued permits for an additional 180 days. At the end of the 180-day period, the Mayor and Director of Economic and Community Development will re-evaluate the situation and could further extend the permit expiration dates for projects.

Sammamish Extends Moratorium - REALTORS® Press City for Clarity

In May, the city of Sammamish, again, passed a six-month moratorium on all land use, development, and building permit applications. The Council took this action in response to an April decision by the Growth Management Hearing Board (GMHB) in the case of *Don Gerend v. City of Sammamish* in which the Board mandated the city resolve its outstanding growth and development questions, and procedural issues, regarding the city's prior amendments to city codes that regulate transportation concurrency and level of service standards.

In the wake of the adverse decision, the Council claimed it needs time to evaluate the questions raised by the GMHB. Seattle King County REALTORS® has long-urged the city of Sammamish to

remove its many obstacles to growth, including moratoria, transportation concurrency models, and level of service standards.

There is confusion in the community with regards to development of new housing opportunities. So, as in previous years - this year, and going forward - we continue to press the city, and advocate for the City to provide clarity about the projects that will be allowed, and those that will not:

- Can the single-family home be built?
- Can a significant remodel be done?

Seattle King County REALTORS® is coordinating with the Master Builders Association to continue to press the city to fully discharge its responsibilities to accommodate housing consistent with the state's GMA Housing Goal in RCW 36.70A.020 (4).

Buildable Lands Capacity Study (aka Urban Growth Capacity Study)

In 2024, for the first time in many years, King County and each of its 39 cities will be required to do a "Major Update" of their respective Comprehensive Plans. In anticipation of completing that task, local governments have been involved for most of the last year in a state-mandated review of the amount of buildable lands capacity remaining in Comprehensive Plans and Zoning Codes for the construction of residential dwelling units. In addition, local governments are also required to assess whether or not the "built-out densities" that have been achieved on-the-ground since the last "Major Update" are consistent with their city's Comprehensive Plan, Zoning Designations, and Development Regulations. The required capacity review is intended to identify deficiencies, and inform each city of changes that need to be included in the 2024 "Major Update."

Seattle King County REALTORS® has been actively advocating on behalf of the real estate brokerage industry for cities to conduct the analysis (of the amount of legal capacity to accommodate the construction of new housing) in a way that would reflect the influence of actual market forces, in order to avoid the review being an irrelevant "desktop exercise" disconnected from likely actual market demand.

Our goal is to ensure that local jurisdictions adjust zoned capacity to accommodate growth. This means analyzing demand and available land supply city-by-city to determine if increased zoned capacity is needed. Upzones, while politically unpopular, are necessary to ensure an adequate supply of housing and comply with the Growth Management Act, and a more balanced real estate market with opportunities for 1st Time Buyers.

Formerly called the Buildable Lands Report, this year-long analysis of land capacity is required every eight years by the Growth Management Act (GMA). Since the first such report in 2002, Seattle King County REALTORS® has diligently advocated for - and won improvements to the process to ensure - local elected officials have timely and thorough data about what's truly buildable (so that accurate capacity assessments can be matched with fresh data about demand for housing) when elected officials begin taking votes on zoned density.

For many years, the analysis has been a highly academic process, with little "ground-truthing" and practical application. Progress has been slow, but sure. We have succeeded in requiring land capacity studies to be completed before adoption deadlines for comprehensive plans so that elected officials have fresh data upon which to base zoning decisions.

In addition, we succeeded in removing unbuildable parcels from the buildable capacity count. These included environmentally constrained lands, and lands likely to be taken for public projects like those being constructed by Sound Transit.

We are pleased to be able to report to the NWMLS that King County study launched last year includes a range of improvements that REALTORS® have successfully lobbied for in Olympia during several past sessions. These include:

- Added triggers to ensure that cities meet their growth targets and planned densities;
- Additional documentation of assumptions (development regulations, permit and development timelines, market factors, property owner preferences and infrastructure gaps); and
- A requirement that landowner preference not only be documented, but also actually be reflected in the results of the analysis. Why is this important? Because if the owner is unwilling to place the property on the market, or to develop it, during the next 20-year planning cycle, there is little likelihood it will be developed for housing during that period of time.

We are hopeful that our advocacy successes in this area will produce better data, lead to more (higher) housing targets for each city, and in-turn increase housing supply relative to actual market demand...in a way that results in augmented inventories and enhanced business opportunities for real estate brokers.

***Adding the Current Shortfall in Housing Supply
To Future Housing Targets the Cities Are Required to Accommodate***

As noted above, King County is in the middle of the state-mandated process to update its *Buildable Lands Capacity Analysis* that will identify deficiencies in, and inform corrective amendments for, local *Comprehensive Plans* and *Development Regulations* that must be addressed in the 2024 “Major Update.”

That analysis is based on (measured against) county-specific growth forecasts prepared every five years by the state’s Office of Financial Management.

Since 2011, the annual shortfall in King County between county-specific OFM “medium” growth forecasts used by cities on the one-hand, and the number of newly-arriving out-of-state workers applying for a driver’s license in King County on the other, has varied between 169% and 305%...on a steeply-increasing trend line.

We know that the lack of affordability is resulting in economic displacement. Economic necessity is forcing some folks to leave because they can’t afford to rent or purchase housing in our high-priced market. But even if out-bound-migration offset 30% of new out-of-state arrivals, since 2011 we have accumulated – and continue to have - a 240,000 housing unit shortfall in King County.

So, at SKCR’s annual Housing Issues Briefing this year, we advocated (via Zoom) for the current accumulated housing supply deficit to be added to the housing targets local jurisdictions must plan to accommodate within the provisions of their respective Comprehensive Plans, Zoning Codes and Development Regulations. Importantly, Rep. Joe Fitzgibbon - who was a presenter at the event, and who has been a key legislative leadership voice on housing issues in Olympia - announced his openness to considering SKCR’s recommendation, observing that if we included the shortfall in the housing targets provided to cities it would give us a “more honest” assessment of the true need for additional housing in our communities.

It has been said that, “from small seeds grow mighty Oakes.” While this small step forward has not yet produced any additional units, it presents an opportunity for an enormous structural shift in the approach to facilitating new housing construction under GMA in a manner that is consistent with accommodating the actual market demand for housing. Such a change would likely be the single most-promising action that could be taken to make housing more affordable at all price levels, because it would require that the supply of housing be sufficient to satisfy the actual market demand from everyone who needs a place to live.

Support for City Implementation of Newly-Incentivized Actions to Increase Housing Supply

In 2018, 2019 and 2020 we collaborated with Washington REALTORS® staff on legislation to increase the supply of housing relative to actual market demand. It was a rocky ride, especially for WR staff members who were working directly with legislators, many of whom in the Senate had been local elected officials and were not excited about imposing on their former colleagues and current city council members any new state mandates to increase the supply of housing.

The result of the collaboration was passage of Engrossed Second Substitute House Bill 1923 in 2019 (the Bill's long moniker reflects the extensive re-drafting required to obtain consensus), and House Bill 2343 earlier this year.

In order to spur immediate action among cities, the 2019 legislation contained a deadline of April 2021 that cities were required to meet in order to receive financial incentives for stepping-up to increase the supply of housing. While many cities began working to modify their codes to accommodate more housing and thereby qualify for the financial incentives, the time frame was very tight. So earlier this year, the legislature extended the time frames, expanded the number of cities eligible to receive incentives, and "sweetened the pot" of financial incentives available to the cities.

Seattle King County REALTORS® has been working with local jurisdictions to prod and encourage them to take advantage of the incentives in the legislation at the earliest date. Representative examples of actions that will qualify for the incentives include:

- Up-zoning to 50+ units per-acre at train stations, and 25+ units per-acre at bus stops
- Allowing (but not requiring) duplexes, triplexes or courtyard apartments on any parcel in single-family zones
- Authorizing (with conditions) ADUs on all lots in every zone where single-family residences are allowed
- Authorizing (but not requiring) a duplex on all corner lots where single-family residences are allowed; and
- Increasing SEPA categorical exemptions for new single-family and multifamily infill housing.

Cities can qualify for the financial incentives of up to \$100,000 by taking any two of the nearly one-dozen incentivized actions enumerated in the new state law. Additionally, the legislation protects cities from legal challenges for taking such actions.

The legislation also provides that every two years, the *Center for Real Estate Research at UW* will provide the Legislature with independent data reports on Housing Supply and Market Affordability Data to guide future legislative action.

Taxation

Property Taxes – Assessor’s Reduction of Assessments Due to COVID Impacts

Seattle King County REALTORS® worked with King County Assessor John Wilson on strategies to offer property tax relief to owners in connection with property values have been adversely impacted as a result of the COVID pandemic.

The Assessor sought-out our assistance, which provided us with opportunities to not only discuss market conditions, but also to strategize regarding REALTOR® interest in utilizing existing law to provide property tax relief under RCW 84.40.039 regarding *“Reducing Valuation After Government Restriction.”* Current law allows property owners to petition the Assessor for a reduction in their property value due to a restriction imposed by government. For many properties, state and local government shut down orders have impacted value.

As a result of those discussions with our Association, the King County Department of Assessments will develop a program to apply RCW 84.40.039 to the COVID-19 pandemic. Relief will be available for the 2021 tax cycle. The program will include:

- An online, electronic filing portal to file petitions; and
- Formulas to apply value reductions for impacted commercial property sectors (such as restaurants, hotels, offices, and theaters).

Property Tax Exemptions for Disabled Veterans and Economically Disadvantaged Seniors

Seattle King County REALTORS® cooperated with the King County Assessor to promote enhanced property tax exemptions approved last year by the legislature for seniors and disabled veterans.

Previously, in order to qualify for either of the exemptions, both “household earnings” and “property values” were limited in a way that made them mostly unavailable, and largely irrelevant in King County. In fact, there was not a single taxpayer in King County - none - who had signed up for the exemption available to disabled veterans.

The new law - championed by King County Assessor John A. Wilson - ties the income limitation to a percentage of area median income (instead of a fixed amount), and the exemption amount is now more closely linked to local property values.

Multi-Family Tax Exemption (MFTE)

Seattle King County REALTORS® supported expansion of the Multifamily Property Tax Exemption (MFTE) in cities throughout King County.

The MFTE provides a property tax exemption on eligible multi-family housing in exchange for income and rent-restricted units. The program is a valuable tool that enables the private sector to create income-qualified housing and historic preservation. Without the exemption, tenants likely face higher rents, or confront an increased likelihood that landlords might defer maintenance in order to maintain profitability.

Representative examples of our advocacy in this area during the past year included encouraging cities to:

- Gear their MFTE programs to attract the greatest number of prospective developers to participate in the program, which will yield the greatest number of income-qualified units
- Allow MFTE in all zones allowing multi-family housing to attract the greatest number of program participants and avoid concentration of MFTE units, and
- Encourage cities to adopt the maximum 12-year timeframe with the affordability requirement sunseting at the end of 12 years.

Seattle's "Green New Deal" – Tax on Home Heating Oil

Seattle King County REALTORS® opposed efforts to implement the *Seattle Green New Deal* that proposed an additional tax on home heating oil, and the prohibition on natural gas piping in any new construction - provisions that would be modeled after proposals by congressional progressives, including:

- Renewable energy initiatives relating to carbon reduction
- Development of "green jobs"
- Funding for new programs in disadvantaged communities.

The stated intent of advocates on the City Council was a 10-year goal to make Seattle "free of climate pollutants" including CO², black carbon, methane, nitrogen oxide and fluorinated gases.

Seattle King County REALTORS® - in collaboration with Puget Sound Energy (PSE), labor, the Building Owners and Managers Association (BOMA), and others - succeeded in moving the proposal off the fast track, arguing that a thorough analysis of the impacts and input from all stakeholders are critical first-steps in a city where almost 150,000 homes and businesses use natural gas, and where, according to PSE, on the coldest days of the year the natural gas system provides about two thirds of the energy used by the city of Seattle.

We were especially concerned that the prohibition on oil heat and/or natural gas in new construction could easily be expanded to include new prohibitions on selling an existing home that has oil heat and/or natural gas. The city might attempt to enforce such regulations with “Point-of-Sale” restrictions, especially since the city’s Office of Sustainability has previously advocated for point-of-sale restrictions regarding transfers of title to properties that have uncertified fireplace inserts or woodstoves, or which have fireplaces capable of burning wood.

Seattle “Head Taxes” and “Payroll Taxes”

Seattle King County REALTORS® joined together with a largely private-sector coalition that was successful in turning-back an initial proposal at Seattle City Hall to impose a new head tax on large businesses.

Then later, we were also actively involved in an effort to oppose multiple proposals for a new Seattle City Council ordinance to impose and implement a revived head tax, or a payroll tax on businesses. Eventually, the Council settled on a compromise to create a new tax on payrolls.

While the Council framed the matter as an effort to reach into the pockets of Amazon owner Jeff Bezos, all of the proposals were much broader than that, and upon implementation the recently-approved new city tax on payrolls is expected to adversely affect many hundreds of businesses in the city.

Public Safety

Fire Services in the City of Black Diamond

The city of Black Diamond does not have its own fire department. Instead, the city contracts for fire services with Mountain View Fire and Rescue District #44 (MVFR) under an inter-local agreement that will expire at the end of 2022.

The District provides fire services to an area that encompasses 70 square miles, including Black Diamond where the city has approved the construction of more than 6,000 new dwelling units.

Seattle King County REALTORS® has been closely monitoring the relationship between the city and MVFR during the last year for two reasons:

1. Last November the District announced it had been unable during the prior three years to make progress on contract negotiations with the city of Black Diamond. The District wants to be paid based on the assessed value of the property in the city (not the number of structures), and that assessed value has increased enormously over the last 24 months because of the new homes that have been built and occupied in the Ten Trails Master Planned Development; and
2. It would be difficult - if not impossible - to sell properties in Black Diamond if the city does not have fire protection services available for the benefit of residents, property owners and lenders who depend upon the value of structures as security for loans.

In our discussions with city officials earlier this year, they made it clear that they are not willing, or prepared, to leave Black Diamond residents and property owners without access to professional fire services.

The City appears to have at least three options for moving forward when the current interlocal agreement with MVFR expires at the end of 2022:

- The City could acquiesce to MVFR, or
- Create its own fire department (the cost of which is likely prohibitive), or
- Seek another provider such as the Puget Sound Regional Fire Authority (PSRFA), which is headquartered in Kent and may be willing to consider providing fire services to the city. Of the three options, this appears to be the most likely if Black Diamond can afford it. PSRFA is reportedly open to such an expansion of its service area: In anticipation of extending its geographic reach throughout the county, and perhaps the region, the former “Kent Regional Fire Authority” changed its name PSRFA and has begun contracting with multiple cities for the provision of its services.

Protecting Brokers' First Amendment Rights To Advocate Collectively for Candidates & Elected Officials Who Support Common-Sense Policies That Foster Vibrant, Healthy, Safe Communities

Hyper-progressive members of the Seattle City Council are pursuing a trifecta of new regulatory restraints on First Amendment “speech” and “redress” constitutional rights. Some portions of the proposals would likely constrain the ability of real estate brokers in King County to advocate collectively for officials and candidates who support common-sense policies that foster vibrant, healthy, safe communities.

In response, earlier this year Seattle King County REALTORS® began preparations to likely oppose vigorously – and, if approved by the City Council, to potentially levy a legal challenge against - one of the three proposals which would seek to limit “independent expenditures” to not more than \$5,000.

An “independent expenditure” involves the exercise of First Amendment rights to speak publicly in support of, or in opposition to, a candidate or ballot proposal. Such expenditures are typically made by a political action committee (PAC) – such as the RPAC - as opposed to an individual acting alone.

Note: The U.S Supreme Court has held that there is no legal limit on the amount of money a PAC is able to spend “independently” in expressing, or advocating in support of, the views of its members/supporters. But in elections for positions where there is a legal limit on the maximum amount of money that an individual or PAC is allowed to contribute directly to a candidate’s campaign, the law also prohibits any coordination, cooperation or collusion between the candidate’s campaign on the one hand, and the PAC that is spending money “independently” to advocate for, or against, a particular candidate, on the other.

The proposal emanating from Seattle City Hall is disconcerting for at least four reasons:

1. It appears to infringe upon the constitutional right of *free speech*, the right to *seek redress of a grievance* (by electing a different decision-maker, or in the case of a ballot measure by changing the law), and the right of “freedom of association” which allows people to come together in the lawful pursuit of a shared interest that is not illegal.
2. The ordinance appears to create a loophole for organizations - such as labor unions - that receive a large number of small dollar contributions of \$100 or less.
3. The “Power of Incumbency” (which is essentially the opportunity for an elected official to use his or her current position as a platform for distributing messages and

images to voters in a way that is consistent with the official's re-election efforts) can be wielded as a powerful and effective weapon in a political campaign.

For that reason, incumbents (officials currently serving in office) have a clear advantage over lesser-known candidates who may have to raise much larger amounts of money in order to:

- Gain name recognition among voters, and
- Effectively communicate their challenger's message of an opposing view.

Stated bluntly: The proposal would allow incumbents to make it much harder for themselves to be thrown out-of-office, and much more difficult (in both time and money) for opposing candidates to be able to communicate effectively with voters. Each of Seattle's seven city council districts has between 59,000 and 75,000 registered voters, so even if an independent expenditure committee could create, print and mail a piece of campaign literature for just 50¢ (less than the cost of a single first-class stamp), with \$5,000 they could only reach 4.2% of the registered voters, in just one district, just one time.

4. Seattle is not a city that is immune from the need for independent voices that are able to communicate effectively with voters in order to periodically challenge and change both policies emanating from inside City Hall, and the tenure of officials who are governing.

The other two proposals that are part of the Seattle City Council's three-long effort include:

- The Council's new prohibition on foreign-influence corporations donating directly to political campaigns, or making financial contributions to independent expenditure efforts. Foreign-influence corporations are defined as having:
 - A single foreign ownership of 1% or more, or
 - Two or more foreign owners owning 5% or more, or
 - A foreign owner who participates directly or indirectly in corporate decision-making regarding political activities.

The ordinance appears to prohibit most publicly traded companies from being able to make political contributions in Seattle City Council and Mayoral elections; and

- New regulations on disclosure of political advertising and qualified public communications

Victories for Our Local Schools

We know that two of the most important factors influencing home-buying decisions are the quality of schools, and neighborhood safety.

So, as part of our advocacy, the Government Affairs Committee of Seattle King County REALTORS® evaluated, and then voted overwhelmingly to endorse, ballot measures that four different school districts placed before voters earlier this year. In each case, our consideration of the endorsement requests was initiated by a local real estate broker who lives and/or works in the respective school district.

Our review of the proposals included a detailed questionnaire that was filled-out in support of each endorsement request, together with presentations from school district officials and local citizens committees.

In addition to the Association's endorsement, we provided in-kind support to assist in educating district patrons and other voters about the substance, importance and efficacy of the measures.

All of the measures endorsed and supported by Seattle King County REALTORS® were approved by voters, including the following:

- The Auburn School District's Educational Program & Operations Replacement Levy, and a Technology Replacement Capital Projects levy;
- The Bellevue School District's Capital Bond Measure;
- The Kent School District's Renewal Educational Program & Operations Levy; and
- The Tahoma School District's Educational Programs & Operations Levy, and a Technology Levy.