

# 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](mailto:dcrowell@nwrealtor.com), with any local legislative issues that may need our attention. **The next issue will be released in July 2016.**

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## More Inventory for REALTORS® and Buyers

### Seattle Mayor's Pursuit for Housing Supply (Housing Affordability and Livability Agenda)

Seattle King County REALTORS® is encouraging the city of Seattle to make substantive progress on housing supply and affordability in pursuit of the mayor's goal to build 30,000 market rate units and 20,000 income-qualified units during the next 10 years.

In the next several weeks, we expect the council to be working on the following action items:

- Framework legislation on the mandatory inclusionary housing requirement. (This mechanism will require an affordable set-aside on new multifamily construction only after a zoning increase has been adopted by the council, resulting in a net increase of market rate units beyond the unit count allowed by current law).
- Formation of a renewal package for the housing

levy. We expect the levy proposal to double in size, from \$60 per year for the median assessed value home to \$120 per year. Levy funds would be deployed to build and preserve units affordable to low income earners the market is unable to serve.

- Expansion of urban villages, enabling more intensive development in areas outside of Downtown and South Lake Union.
- The Mayor has initiated outreach to neighborhoods to gather feedback on urban village expansion and explore options palatable to the community.

Seattle King County REALTORS® will be encouraging quick action as a remedy for the severe housing supply crisis our region is experiencing. In addition, we will be looking for opportunities to maintain the quality and character of Seattle's legacy single-family neighborhoods.



On a worrisome note, the city is exploring the imposition of transportation impact fees, this after voters approved the nine-year, \$930 million “Move Seattle” transportation levy last fall. Seattle King County REALTORS® will be watching this closely.

## **Black Diamond: Yarrow Bay Brings On New Partner to Build 6,000 Homes**

The large expanse of ground was cleared, then planted with grass to minimize runoff, and largely left untouched over the winter. That’s about to change, and REALTORS® will likely soon see construction begin on infrastructure that will eventually serve more than 6,000 new homes in Black Diamond. For REALTORS® needing inventory to sell, it can’t come soon enough.

The 6,000 units will be part of two Master-Planned Developments (MPDs): *The Villages* is expected to have 4,800 new homes, and up to 1.2 million square feet of commercial space. The other MPD, *Lawson Hills*, is a 1,250-home project.

The developer, YarrowBay Communities, has changed its name to Oakpointe, and is now working with Crown Communities which paid \$30 million to buy out other investors in the MPDs. Crown is a Naperville, Illinois builder that develops master-planning communities. The ownership restructuring leaves Oakpointe with Crown as its only partner in *The Villages* and in the *Lawson Hills* housing projects, according to Brian Ross, the CEO of Oakpointe.

Ross reportedly advised, “We’re thinking we’ll have people living in new houses in Black Diamond in about two years.” Pursuant to a 10-year development agreement, the company has permission from the city of Black Diamond to begin building about 800 units. But initial construction is expected to involve about 350 units, plus new retail space. Goodfellow Brothers, a Maple Valley builder, has been identified as the contractor who will start building the infrastructure.

## **Kent: Extension of Preliminary Plats for 100 Lots under Review**

No matter what kind of housing units is built, or where in King County they are located, every single new housing unit is important for REALTORS® because it helps to minimize the gap between the supply of housing, and the actual demand for housing, that is pummeling buyers in this real estate market.

It’s welcome news that the city of Kent is considering taking action that would assist in bringing 100 more housing units to the market sooner, and at lower development costs, by avoiding the necessity for the projects to go through the permitting process a second time.

With the recession - and the accompanying stranglehold on construction financing for homebuilders - some plats that were approved by cities years ago have still not been built.

If those approvals expire, the development application is required to be re-submitted, with redundant fees, redundant reviews, and redundant technical studies. That’s expensive for builders and buyers, and disruptive for cities. Often, some redesign of the project is also necessary because current development regulations apply instead of just the old regulations. A new public notice, and new public hearing, is also required.

The time limit on the validity of plats begins to run on the date the plat receives approval from the Hearing Examiner. Before the recession, preliminary plats could be validly recorded at the county courthouse for up to 5 years, which was generally more than enough time for developers to install roads, utilities and meet other conditions of approval before recording the plat at the county.

But when financial institutions began limiting available credit during the recession, developers struggled to construct and record plats within the 5-year window.

Because the issue was wide-spread, the state legislature intervened in 2010, and then again in 2012 when it created a new schedule of longer validity periods designed to provide relief for developers until the housing market improved. Under the new state law, cities were allowed to include an additional year beyond the state-specified time period, which Kent did, resulting in the following validity periods in the city:

Plat Approval Date	Total Validity Period
Before December 31, 2007	11 years
January 1, 2008 - December 31, 2014	8 years
January 1, 2015 Forward	6 years

So now, Kent has six plats (that were approved in 2008) which are scheduled to expire in 2016. A total of 100 new lots are proposed in these plats. The City is considering extending the validity period for these lots, which will be important for ensuring the homes are able to make it to the market under existing permits.

### **Kent: Accessory Dwelling Units**

**REALTORS® representing buyers who plan on making use of an “ADU” (or a “Mother-in-Law” unit) in the property they are purchasing should pay careful attention to a new city code provision that has been adopted by the city of Kent.**

Kent has revised its Accessory Dwelling Unit (ADU) ordinance for housing units, sometimes called “Mother-in-Law” units. The city wanted to place new limits on the “bulk” of the units, and to include all ADUs in the scope of the ordinance, regardless of how the inside the structure is used.

The city’s revisions to the ordinance (which is now part of Kent City Code Sections 15.04 and 15.08) include the following notable changes:

- All accessory structures are now regulated under the same set of regulations
- Only one guest cottage, or accessory dwelling unit, is allowed per lot
- A new footprint calculation limits the total of all accessory buildings to not more than 15% of the lot area
- The maximum allowed height for an accessory building is the lesser of 23 feet, or the height of the principal building
- Accessory buildings more than 12 feet tall must be visually compatible with the material, trim, and roof pitch of the primary building.

### **Mercer Island Moratorium Averted**

**Advocacy efforts by Seattle King County REALTORS® helped to avert a proposed moratorium on Mercer Island.**

As reported in the most previous edition of *Issues and Impacts*, Seattle King County REALTORS® comment letter, call to action and this year’s President-Elect Sam DeBord’s testimony to the city council helped avert the Mercer Island City Council’s imposition of a 6-month building moratorium that would have prevented property owners from filing subdivision and/ or lot coverage deviation applications. Instead, the city council directed city staff to undertake a major rewrite of Mercer Island’s single family code. It is now expected that this work will commence in the latter half of 2016. Seattle King County REALTORS® will engage in the code rewrite process, seeking opportunities for increased housing supply.

### **PSRC: Small Cities Targeted for Accommodating Too Much Housing**

**Brokers need to have more houses and condos available to sell, so SEATTLE King County REALTORS® is opposing efforts by the Puget**



**Sound Regional Council (PSRC) to limit the amount of housing that can be built in smaller cities in King, Pierce, Snohomish and Kitsap Counties.**

The PSRC is the entity responsible for distributing federal and state transportation funding to cities and counties. But the PSRC is threatening to withhold that transportation funding from small cities that accommodate too much housing, even though the region has the most severe shortage of housing in many, many years.

Washington's Growth Management Act (GMA) requires "major periodic updates" of local comprehensive plans about every 7 years, depending on the jurisdiction. In King County, those updates were due to be completed last December. Once a local jurisdiction formally adopts its updated comp plan, the PSRC is required to **certify, conditionally certify, or not certify** the "updated" comp plans of each of the 81 local jurisdictions that are within the 4-county geographic coverage of the PSRC.

Without the certification (or conditional certification) of a city's comprehensive plan by the PSRC, the local jurisdiction is not eligible to receive state or federal transportation dollars which the PSRC distributes.

This is the case even if the state transportation funds are specially ear-marked for the specific city in the transportation budget passed by the State Legislature....such as the funding ear-marked during the 2015 session for the city of Covington to improve SR 516/Kent Kangley Road east of the City's Downtown.

In deciding whether to **certify, or conditionally certify** or **not certify** a local jurisdiction's comprehensive plan, the PSRC's primary focus is whether or not the city is likely to take more housing units than

are included in Appendix 11B to the PSRC's "Vision 2040" adopted in 2009.

When making its certification decisions, the PSRC is choosing to focus almost exclusively on a single number - the "total units" housing target - instead of assessing the likelihood of achieving housing "affordability" (which is at the core of GMA's Housing Goal in RCW 36.70A.020 [4]), or the jurisdictions' "Affordable Housing Targets."

In doing so, the PSRC is trading the very essence of the housing goal - which is "Affordability" - for the ease of doing a much less relevant analysis of housing needs. Even with inventory levels at historic low levels over the last three years in the Central Puget Sound Region, and annual price increases soaring into double digits, the PSRC's process for certification of comprehensive plans is essentially void of ANY consideration or analysis of affordability.

That's why REALTORS® have testified before the PSRC in opposition to the way the PSRC is undertaking the certification process. It's why the REALTORS® have worked to help elected officials understand how the PSRC is hurting the region, the middle class, working families and the region's most economically vulnerable families. And, it's why the REALTORS® have offered assistance to smaller cities that are fighting back against the PSRC to secure their own economic future and give REALTORS® more inventory to sell.

### **Auburn: City Approves Temporary Moratorium on Residential Uses in C1 Zone**

**The Auburn City Council has placed a one-year moratorium on new residential projects within the City's "C1" (light commercial) zone.**

The move impacts 261 parcels and will not affect applications currently in process.

City staff recommended the moratorium to allow the Council, Planning Commission and the community time to discuss issues, including clarifying uses within the C1 zone, and the transition from C1 to nearby neighborhoods.

As required by state law, following approval of a resolution implementing the moratorium, the city held a public hearing on the temporary moratorium on January 19th.

The REALTORS® testified at the public hearing, focusing on the lack of inventory, the need for more housing, the city's exemplary record in working with REALTORS® and the Masterbuilders to facilitate new home construction, the temporary nature of the moratorium, and the willingness of the REALTORS® to assist the city in connection with its review of the "C1" zoning and ensuring a balance between job creation and housing.

### Quality of Life Issues

#### **Voter-approved levies will increase investments in early childhood development, emergency services and transportation**

**Initiatives approved by voters last year will increase King County property taxes in 2016, which will result in additional investments in early childhood development, emergency services and transportation. The majority of property tax revenue – nearly 53 percent – will pay for schools.**

King County property tax bills were mailed February 12. In some parts of King County, as much as 50 percent of 2016 property taxes are a result of voter-approved measures. These are typically school, fire, and other levies or bonds. New levies approved by voters in 2015 include:

- Best Starts for Kids to invest in prevention and early intervention services to improve the health and well-being of children, youth and families across King County.
- Creating the Puget Sound Emergency Radio Network to provide local emergency responders with more modern and reliable communication tools.
- The Move Seattle Levy that invests in road maintenance, improving transit service, rehabilitating bridges, and making our sidewalks, streets, and other structures safer.

While individual property taxes vary depending upon location, property taxes went up 9.35 percent at the aggregate level. Countywide, property tax billings will be \$4.5 billion in 2016, up from \$4.1 billion from last year. It's the primary funding source for schools, public safety, parks and libraries. The amount of revenue growth at local governments is capped at 1 percent except for revenue from new construction.

"In 2015, King County voters spoke loud and clear about their desire to invest in high quality services around the region," said King County Assessor John Wilson, who took office Jan. 1.

About 19 cents of every property tax dollar supports services provided by King County government, while 18 cents goes to local cities. Property owners can find tax levy rates and more property related information by visiting eReal Property Search on the King County Assessor's website at <http://info.kingcounty.gov/Assessor/eRealProperty/default.aspx> or by calling 206-296-7300.

Residential and commercial property in King County is assessed each year at its fair market value. For residential parcels, fair market value is determined by analyzing recent sales of comparable properties in the same area. "The effects of King County's growing economy and



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hot real estate market are not felt the same in all parts of the county,” said Assessor Wilson. “While property values increased significantly in some Seattle neighborhoods, property owners in Northeastern and Southeastern King County saw much smaller increases.”

To avoid interest and penalties, the first half property taxes must be paid or postmarked by May 2nd, 2016. The second half property taxes must be paid or postmarked by Oct. 31, 2016.

**The Cross Kirkland Corridor (pictured right)**  
The Cross Kirkland Corridor is a 5.75-mile segment of the 42-mile Eastside Rail Corridor that runs from Renton to Snohomish. The corridor has the potential to be a highly sought after amenity for current and prospective homeowners in the proximity of the corridor.

The city of Kirkland has been active in commencing use of the corridor and planning added uses. In particular, the city seeks transit service (either in the form of bus rapid transit (BRT) or light rail) as a way to better connect to employment centers within Kirkland and Bellevue and provide an easy transition onto State Route 520 (SR 520), avoiding the SR520/I-405 interchange.

### Bellevue’s Grand Connection

The city of Bellevue has begun plans for a pedestrian connection from Meydenbauer Bay east to the Eastside Rail Corridor. Called the “Grand Connection,” it will achieve a long-desired goal of linking the downtown to the lake as well as establishing links to Bellevue Sound Transit stations. The project will be the subject of a design charrette at the Bellevue Arts Museum, April 7-9.



## Business Practices

### **REALTORS® on the Road: Government must address view-obstructing vegetation on its property**

**REALTORS® spend a lot of time in their cars, often accompanied by clients or customers.**

**So a new Washington State Supreme Court decision that requires local governments to make it safer out there on the roads is a little piece of “Good News!”**

Government has long had a responsibility to maintain its roadways in a reasonably safe condition for ordinary travel. But on January 28<sup>th</sup> in a case from King County (*Wuthrich v. King County*) Washington’s highest court held that duty includes the responsibility to address problems caused by view-obstructing roadside vegetation that interferes with a driver’s view of on-coming traffic.

As reported by the MRSC, the case involved a driver who, after stopping at a stop sign, entered a road and hit a motorcyclist she allegedly had not seen because of overgrown blackberry bushes at the intersection. In a unanimous opinion written by Justice Mary Yu, the Supreme Court said:

*A municipality’s duty to maintain its roadways in a reasonably safe condition for ordinary travel is not confined to the asphalt. If a wall of roadside vegetation makes the roadway unsafe by blocking a driver’s view of oncoming traffic at an intersection, the municipality has a duty to take reasonable steps to address it.*

The Court’s decision is available at: <http://www.courts.wa.gov/opinions/pdf/915555.pdf>

### **Kent: New help could be available for sellers located near dangerous buildings**

**The city of Kent has approved code changes that create an additional enforcement tool for the**

**city to go after code violations involving “unfit dwellings, buildings, and structures.”**

If you’re a REALTOR® who wants to list a nice home in the vicinity of another building or property that is a dangerous eyesore, or if you’re a home owner or seller who is living next door to the danger, that’s good news. But for slumlords who own the property next door, not so much.

It costs the city money to go after slumlords and other property owners who have structures with serious code violations that threaten the safety of the neighborhood. The city may attempt to recoup abatement costs from the owner by filing a lien against the property. However, abatement liens are typically “junior” (lower priority) to other creditor’s liens, and are not typically an effective means for the city to recover its costs. Accordingly, if the city chooses to abate a dangerous situation, abatement costs are paid from the general fund and seldom recovered. Because of this limitation, it has been historically rare for the city of Kent to undertake this type of direct abatement.

However, RCW 35.80 provides Kent with an opportunity to more reliably recoup costs associated with abating dangerous dwellings, buildings and structures: The city can add the cost to the annual tax rolls of violating properties. If unpaid, the abatement costs have top priority for payment, just like unpaid taxes.

The definition of “dangerous” buildings does not change, and RCW 35.80 also contains significant “due process protections” for the owners of properties in violation.

In order make use of the authority provided by state law, the city must establish a process that ensures every reasonable step has been taken to



achieve voluntary compliance. Clear definitions of dangerous problems, owner notification requirements, formal meeting requirements and appeal processes must all be established to ensure that owners are well-informed of their obligations and have time to act before the city adds abatement costs to their property tax bill.

In a cash-strapped city like Kent, the ability to recoup enforcement costs will make it easier for the city to take action when it receives a complaint from a REALTOR® or seller.

City staffers say that from time-to-time they become aware of dwellings that are unfit for human habitation, as well as buildings, structures, and premises that are unsafe for use because dilapidation and structural defects that increase the chance of fire, accidents, etc. Too often the owners of those properties are unwilling or unable to correct these conditions.

The city is able to implement the changes that improve its financial ability to pursue correction of such situations by repealing the city's adoption of the *Uniform Code for the Abatement of Dangerous Buildings*, and adopting new code language in City Code chapter 14.02, entitled "*Unfit Dwellings, Buildings, and Structures.*"

**Auburn: One City's Efforts to Deal With New "Low Impact Development" Requirements**  
**REALTORS® representing builders of new homes, and REALTORS® representing new construction buyers, will see important changes in the way plats are designed throughout the region as a result of new federal Clean Water Act regulations that will be implemented by the end of 2016.**

The regulations are known commonly as the "NPDES Phase II Permit" requirements which are being imposed by the Washington State

Department of Ecology in order to satisfy federal standards.

The key difference that will affect the look and design of plats is that all stormwater runoff will be contained on-site, both during and after construction, instead of stormwater being allowed to leave the property via storm drains before it is managed by a stormwater management system.

The concept is called "Low Impact Development" or "LID."

The Department of Ecology has mandated that the city of Auburn and other jurisdictions in the State adopt Low Impact Development-related regulations and standards no later than December 31, 2016.

For REALTORS® representing new construction projects, it's critical because (in the worst case) if the Department of Ecology concludes the city or county standards applied to the new home construction project are insufficient to achieve the purposes of LID, Ecology can red-tag (shut down) all construction activity, even if the construction activities are nearly complete and the transaction to sell a newly built home is in escrow.

The adoption of LID regulations and standards will have far reaching implications on public and private activities involving land within all city limits. LID will not only affect new home construction, but also future city capital projects, as well as maintenance and operations activities. LID will also affect how residents, businesses and property owners operate their properties.

A multi-department staff team in the city of Auburn (called the LID Core Group) met 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 city identified a 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 for them, respectively. The city has retained SVR/MIG to assist City staff in this public education effort.

### **New Lake Wilderness Elementary School Drawings Are Now Available To REALTORS® and Buyers**

**“Concept drawings” for the new Lake Wilderness Elementary School are now available for REALTORS® and their buyers who may be considering buying a home in the Tahoma School District.**

Architects from TCF Architecture of Tacoma have prepared conceptual drawings and layouts for the school, and educational specifications which the School Board formally accepted.

The new school will be built on the large playfield behind the existing school. It is scheduled to open for classes in September 2017. The new Lake Wilderness Elementary has a capacity of 750 students. It is a two-story structure that also features a gymnasium and separate cafeteria. The existing school will be demolished when the new school opens. A large athletic field is planned for the site where the current school buildings now stand.



## **Protecting Your Business**

### **Elections in 2016**

**Laws govern the way in which you conduct your business and affect your bottom line. Laws are made by elected officials. This year elections will be conducted for one U.S. Senate seat, all congressional seats, statewide offices and the state legislature.**

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.

This year Seattle King County REALTORS® will take action to protect your business by supporting congressional and state legislative candidates who share our REALTOR® values. We will provide an online REALTOR® Voting Guide for the August 2nd primary election and will mail you the REALTOR® Voting Guide for the November 8th general election.



## **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 \$280,000 for the REALTOR® PAC in 2015. Please invest in REALTOR® PAC at [www.warealtor.org/government/political-affairs/](http://www.warealtor.org/government/political-affairs/)

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