



Summary Prepared for Northwest Multiple Listing Service: Representative Advocacy Successes & Initiatives During the Past Year September 2021

Introduction

The last 12 months have been an especially challenging environment for local government advocacy on behalf of real estate brokers: Covid has seriously constrained our ability to meet face-to-face with public officials, meetings on zoom often result in it being difficult to observe the reactions of both elected officials who are not speaking and other stakeholders when other points of view are offered, and opportunities to comment may be constrained by time allotments or technology constraints.

The challenges have been escalated by polemic politics, speakers appearing to posture in order to create narratives that appear designed to assist with their reelection, Seattle's continuing shift to an extremely progressive political environment, and by the influence of Seattle politics upon the dynamics of other governments in King County.

Since early 2019, 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 four factors:

1. Cities are increasingly caught between a financial "rock and a hard place" as a result of:
 - (a) increased demand for human and social services in a Covid environment,
 - (b) reduced sales tax revenues from brick-and-mortar retail stores - especially given that sales tax revenues tend to be cities' second-most important revenue source, and
 - (c) on-line retail sales tax revenue being placed beyond the reach of the city as a result of Streamlined Sales Tax requirements to send sales tax proceeds to the government at the purchaser's location - except in situations where the buyer is located within the city.
2. The issuance (and multiple 30-day extensions) of gubernatorial and local government emergency proclamations in response to the COVID-19 pandemic, made even more

difficult by the emergence of additional strains of the virus, all of which have led to enormous frustration among members of the public and created a new polemic between advocates for public health and advocates for personal freedom. The unproductive “white noise” accompanying the divisiveness exacerbates the difficulty of obtaining the focused engagement of policymakers on housing supply sufficient to meet actual market demand,

3. The insistence of some policymakers that every matter be contemplated through a lens of equity, even when doing so produces a result that appears to defy common sense and may actually exacerbate the harmful impacts on the most vulnerable populations in our communities, and
4. A growing sense of frustration that government is broken, and fixing it may not be possible for an extended period of time, especially when viewed through the lens of government’s response to crisis-level challenges involving a continuously evolving pandemic, homelessness, behavioral health, addiction, and public safety.

Fueled by legitimate concerns arising in connection with police, race and justice issues, some hyper-progressive elected officials have continued to seek to constrain policy discussions to a very narrow range of progressive and often irresponsible actions among a very narrow group of public voices and constituents.

Despite the continuing 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

Housing Supply

ALGONA: New Townhomes, Duplexes, Triplexes and Courtyard Apartments

Algona is moving forward with code changes to create a city review process for Binding Site Plans and Unit Lot Subdivisions. In addition, the update of city code will also increase residential building capacity and regulatory streamlining.

City staff work to modify the city’s code was funded by REALTOR® supported legislation (HB 1923) that provided cities with access to Growth Management grants of up to \$100,000 from the Washington State Department of Commerce.

The city submitted its initial proposals to the Department of Commerce last year and Commerce was supportive of the city’s efforts. Thereafter, the Planning Commission recommended adoption of the proposed amendments and forwarded them to the City Council for consideration and adoption in late May. Under the changes, the city will:

- Authorize at least one duplex, triplex, or courtyard apartment on each parcel in one or more zoning districts that permit single-family residences.
- Authorize a duplex on each corner lot within all zoning districts that permit single-family residences, and
- Allow property owners to use the “short subdivision process” (short plats) - instead of the full-blown subdivision process - when dividing or re-dividing land...for any application that does not exceed up to the maximum number of lots allowed under RCW 58.17. This change will allow significant reductions in costs for developers and homebuilders (because the full-blown subdivision process is more complex and expensive than the short plat process), as well as reducing the amount of time required to bring new housing to the marketplace.

BELLEVUE: Eliminates “3-Year Rule” for the construction and permitting of ADUs, and Allows Unit Lot Subdivision for townhouse development

The Bellevue City Council adopted two SKCR-supported land use code amendments relating to Accessory Dwelling Units (ADUs) and Unit Lot Subdivision that will advance housing supply and affordability.

ADUs

Prior to the council action, the Bellevue code restricted the establishment of an attached ADU until three years after the final building permit inspection of new construction. Now, ADUs can be constructed and permitted at the time of new construction, making them more cost-effective and feasible to build.

SKCR encouraged the council to take this action to increase housing options and to ensure that long-term residents can remain in the city. Future amendments to ADU regulations are expected to include removing owner-occupancy requirements, adjusting minimum parking standards, and future changes to the City’s restriction on detached ADUs.

Unit Lot Subdivision

The Unit Lot Subdivision code amendment will allow for the subdivision of townhouse dwellings while applying development standards, such as setbacks, lot coverage by structure, impervious surface coverage, and minimum lot area to the overall site or the "parent" lot instead of the individual unit lots.

The code amendment will reduce barriers for infill development and allow for individual townhouse units to be owned in fee-simple as an alternative to condominium ownership.

Bellevue: Extend Reduction in Minimum Parking Standards

SKCR encouraged the Bellevue City Council to extend an interim ordinance reducing minimum parking standards for housing developments with access to frequent transit.

The interim ordinance is intended to quickly respond to and mitigate the affordable housing crisis in the city and throughout the region by setting reduced minimum parking standards for certain housing developments located near frequent transit service.

We argued this as an important strategy to increase housing supply for market and income-qualified housing. Structured parking is a major driver in multifamily housing costs. Where those housing developments have access to frequent transit, it makes sense to leverage the massive investments our region had made in rail and rubber tire transit by reducing parking requirements for people with easy access to transit. It is both wise and needed public policy.

The City has been delayed in developing the necessary code amendments to make permanent the provisions in the interim ordinance. That work is scheduled to occur in 2021. As such, an extension of the interim was necessary to extend its provisions until a permanent amendment to the land use code can be adopted by the Council.

BOTHELL: Allow duplexes on any corner lot

In the 2019 session, the state legislature enacted House Bill 1923 to incentivize cities to adopt code amendments that increase residential capacity and encourage affordability. Cities could apply for grants to implement actions from a list identified in HB 1923. Bothell applied for and was awarded funding to amend the code to allow duplexes on corner lots in single family zones and to increase short plats from four to nine lots.

The Bothell City Council passed this SKCR-supported code amendment with a unanimous vote.

COVINGTON: Exemplary Leadership Addresses the Housing Affordability Crisis

The Covington City Council has approved a massive package of SKCR-supported exemplary code

amendments that reflect the deep commitment within Covington’s City Council, Planning Commission, and staff for Covington to do its part to address the region’s housing affordability crisis. The bundle of actions approved by the city include:

- A new Hybrid Form-Based Development Code for Downtown
- An Infill Exemption Code that will be available for up to 1,235 net new infill housing units, and more than 400,000 square feet of net new commercial development.
- A Multi-Family Tax Exemption program
- Amendments to the Future Land-Use Map
- Development Code updates (primarily regarding definitions and cross references); and
- An Environmental Impact Statement that supports the impressive package of new Housing and Development Policies.

Covington’s work to develop and approve the Infill Exemption Code and Hybrid Form-Based Development Code was supported by a state growth management grant program to increase residential building capacity. The grant program was created by the state legislature in 2019 as part of House Bill 1923, which was supported by the REALTORS®.

In reviewing Covington’s proposals prior to final adoption, the state Growth Management Services Division noted the infill exemption goes beyond the exemption levels most communities are pursuing because it allows SEPA exemptions for up to 1,235 net new residential units and 411,160 square feet of net new commercial development. State officials said, “This new exemption will streamline the development review process and reduce costs for a larger amount of infill development, thereby encouraging more housing. We applaud this visionary step.”

State officials also said the form-based code standard “allows for more predictability which can lead to more development, while clarifying the design quality that is desired by the community.”

State Growth Management officials were also appreciative of the City’s minimum density thresholds, and the elimination of maximum densities, saying “Minimum densities will ensure sufficient development to support a walkable and compact downtown, and eliminating maximum densities is consistent with best practices for form-based code standards.”

The state was also supportive of Covington’s incentives for bonus height, street standards and block frontages, and maximum parking ratio best practices to reduce ‘overparking’ and its associated costs, as well as supporting active transportation modes.

The city’s approval of a Multi-Family Tax Exemption (MFTE) is a policy REALTORS® have worked to support not only in Covington, but as noted below on page 9, also throughout King County, and in

Olympia. The MFTE helps to ensure access to housing for a larger number of economically challenged households. Without the MFTE, rents on more affordable units would be higher in order to cover owners' overhead expenses, making access to housing less available to renters who already face a daunting challenge trying to find housing they can afford.

KENMORE: Eases regulation of Accessory Dwelling Units

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.

SKCR participated in the public process, encouraging the streamlining of ADU regulations.

RENTON: Permit-Ready Accessory Dwelling Units (PRADUs)

The city of Renton has launched a new "Permit Ready Accessory Dwelling Unit Program" that includes several different pre-approved Accessory Dwelling Unit home designs, for FREE!

The size of the pre-approved, designed, and engineered ADU model base plans range from 418 to 1,000 square feet and vary in architectural styles so that property owners can select an ADU that is complementary to the existing single-family dwelling. When the program launched, the city touted eight different designs. But now, the city's website displays 22 unique models to choose from that range from 1 Bed & 1 Bath, up to 3 Beds & 2 Baths.

According to the city, PRADU applicants will receive expedited review. In addition, the city also waived or reduced several fees associated with permit-ready ADUs and has indicated it will work with property owners one-on-one to create a site plan to accommodate the new units. The expedited review and waiver/reduction of fees will help to save costs, leaving more money available for construction of the ADU.

SKCR remains very supportive of initiatives to increase ADU's because they:

- Create additional housing in areas of high demand which can help with housing affordability

- Provide more housing opportunities close to employment centers, thereby helping to minimize congestion, and pressure on road and transit systems
- Are typically located in areas already served by basic infrastructure, thereby minimizing the necessity to extend sewer lines, water lines, or the electrical grid
- Provide an opportunity to increase the capacity for housing without moving the Urban Growth Line
- For homeowners who want to remain in their home but rent out the ADU, the additional housing unit can be a source of rental income that can help to defray the cost of property taxes, utility bills and insurance for the property owner, and
- Homeowners who want to down-size can move into the ADU, rent out the main residence, and still remain in the neighborhood and community where they live... along with having additional income from the sale or rental of the primary residence.

SEATAC: Transit Oriented Development (TOD) Mixed Use - Market-rate and Affordable Units

After years of being stalled, the SeaTac City Council stepped-up aggressively to bring more housing opportunities to the community. The result is one of, if not *the*, largest new affordable housing complexes in King County in the past few years. Approximately 365 affordable units are being built on 4.5 acres of city-owned land (located adjacent to a Sound Transit Light Rail Station) which was sold to CAP Acquisitions, a.k.a. The Inland Group.

The new affordable housing units will be part of a 585-unit, mixed-use, Transit-Oriented Development project called “Polaris at SeaTac” that will include three residential towers: Two of the residential towers – which will contain the 365 affordable units – will be workforce housing that is affordable for individuals and families earning less than 60% of area median income. The remaining 220 housing units will be market rate housing in the third tower, which will be named “Adara at SeaTac.”

Political instability on the city council appears to have played a role in deferring progress on this desired project, causing it to percolate for more than a decade before finally being approved. The project is an important step forward for bringing to fruition the City’s vision to create high-density TOD residential hubs around light rail stations in the city.

Impressively, the city has been able to maintain city operations, and also to move this project forward, without raising property taxes in any of the last seven years. Obviously, the presence of the airport, and revenues from parking taxes, have played an important role in this regard, but the fact remains that the cost of property ownership in the city is less than it otherwise would have been because of the restraint exercised by the City Council.

SEATTLE: Poised to Rename Single-Family Zone to Residential Zone

REALTOR® supported legislation (HB 1923) encourages the injection of density into existing single-family zones. In Seattle, density is has become a tool of the progressives to correct decades of discriminatory access to home ownership though zoning, mortgage finance and insurance. While SKCR may not align fully with these arguments and/or the officials advocating for them, the opportunity to increase inventory is considerable. SKCR is encouraging this bigger picture thinking of the single-family zone.

The first move will be to rename the *single-family* zone to the *residential* zone through a Comprehensive Plan amendment. Implementation will follow with HB 1923-type upzones.

Proponents do not appear to have conducted a thorough analysis of the market impacts or intended and unintended consequences of various upzones. SKCR is well positioned to help guide this process to increase housing opportunities and racial equity, minimize displacement, and maintain quality of life. The key will be to engage early and publicly.

Taxation

**King County Assessor:
New Senior Exemption for Property Taxes Is Producing Big Savings
On Property Taxes for Qualifying Seniors – Averaging up to \$4,334.14**

This year, for the first time since property tax payment deadlines were extended due to Covid, property owners once again began making property tax payments.

But for senior citizens who qualified, the challenge was made much easier by a more generous Senior Exemption that resulted in savings averaging \$4,334.14 on property taxes this year.

Recognizing the need to help senior homeowners, in 2019 King County Assessor John Wilson spearheaded a collaborative effort in which he, and other county assessors in Washington, asked the Legislature to reform the Senior Property Tax Exemption program contained in state law. They won the fight to help seniors!

So, this April, as some seniors prepared to pay their first property tax bill since the beginning of the pandemic, the amount of income seniors in King County were allowed to earn while still qualifying for the Senior Property Tax Exemption increased by more than \$18,000, from \$40,000 to \$58,423.

King County Assessor John Wilson and his assessor colleagues were able to obtain the property tax relief for seniors by getting the Legislature to agree to repeal the income eligibility requirements that were a uniform fixed amount throughout the state. Instead, eligibility for the exemption is now tied to a percentage of the “Area Median Income” (or AMI) in each individual County, instead of having a single, fixed, “one-size-fits-all” statewide income limitation.

Wilson and the other assessors argued that just like property values are different in each county, so are household incomes. That they told the legislature that if the exemption was going to truly reflect the ability of seniors to pay property taxes, the law needed to change. The Legislature changed the law, but according to King County Assessor John Wilson, the law wasn’t the only thing that changed.

According to the Assessor’s office, the number of applications for the exemption received from seniors in King County increased over 300%!

Assessor John Wilson says his department was able to design an efficient, streamlined workflow that allowed them to approve 18,106 applications - an average of one every 9 minutes (8 hours/day, 5 days/week, 52 weeks/year).

Seniors qualifying for the full exemption average a savings of \$4,334.14 on a \$600,000 home. Seniors qualifying for a partial exemption saved an average of \$3,414.49. Seniors who received the standard exemption saved an average of \$2,681.51.

Multi-Family Tax Exemption (MFTE)

Seattle King County REALTORS® successfully 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 in order 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.

Bellevue MFTE Advances Housing Supply & Affordability

SCKR worked for many months with a broad coalition organized by the Bellevue Chamber to make important amendments to the Bellevue Multifamily Tax Exemption (MFTE) that will advance housing supply and affordability. SKCR supports MFTE programs because they offer a market-friendly approach to providing subsidized affordable housing. Since 2007, Washington State’s MFTE program created an estimated 7,325 below market-rate units and 27,560 market-rate units across the state.

In late June, the Bellevue City Council unanimously adopted the coalition recommendation and strengthened the program to help set aside up to 20% of units in a building as affordable housing. The Council increased access to these affordable units by raising the eligibility threshold to 80% of King County Area Medium Income (AMI), adjusted for household size. Under the program, any qualifying unit 300 square feet or less will be affordable to 45% of King County AMI.

In addition, the council expanded the areas within the city where the MFTE program may be used and established alternate pathways for developers to meet eligibility requirements and capping rent increases for renewing tenants.

AUBURN: “Tax Fairness” with B&O Tax Exemption for Individual Brokers

In what we believe is a “first-ever” advocacy victory of its kind in Washington state, Seattle King County REALTORS® have succeeded in obtaining a new measure of “tax fairness” for brokers with regard to B&O taxes on real estate commissions. Basically, it involves placing the small business exemption on city B&O taxes within reach of individual brokers doing business in the city of Auburn.

We believe it is in the long-term best interests of the entire real estate brokerage community not to draw attention to this victory, and not to celebrate it, for a couple of years, so that we will have time to work-out any potential logistical problems/kinks, prove the efficacy and fairness of measure, and set the stage to be effective in overcoming potential objections when we ask other jurisdictions to replicate Auburn’s approach.

We will, however, quietly inform Designated Brokers and Principal Managing Brokers who are active in the Auburn market of the victory we have achieved, and do so prior to the tax going into

effect, which will occur on January 1, 2022.

Here's the basic outline of what is involved:

- The Auburn City Council recently approved a new B&O tax, which will take effect at 12:01 A.M. on January 1, 2022.
Note: (The legislation approving the tax was approved in 2021 in order to give the city the time to implement the logistical systems and technology necessary to collect the tax, and to provide the city with time to include the projected new B&O tax revenues in its operating budget for 2022 and subsequent years.)
- The city of Auburn B&O tax rate on real estate commissions will be .150 of one percent (.0015) under Section 1-1-5 A.6. of the city's code.
- The first \$500,000 of taxable gross receipts in a calendar year is exempt from the city tax under Section 1-1-5 C.1.
- Typically, all of the commissions earned by both the real estate firm and all of its brokers are dumped into a single pot for purposes of determining the total amount of B&O taxes that are owed. As a result, even though the majority of brokers in the industry are independent contractors and not employees of the firm, brokers who are independent contractors (and thus own their own small business) are never afforded the opportunity to take advantage of any small business deductions, such as the \$500,000 annual exemption included in Section 1-1-5 C.1. of the new Auburn B&O tax ordinance.
- The essence of the victory we achieved in Auburn is that, for purposes of Auburn's B&O tax, (but not for B&O taxes owed to the state or to other municipalities) the real estate firm may apply the \$500,000 annual exemption to the firm's gross receipts earned in Auburn. Commission income earned by (and owed by the firm to) any one or more of the firm's brokers is not required to be considered in calculating the firm's entitlement to claim an exemption for the first \$500,000 of the firm's gross receipts.
- Then, the \$500,000 annual exemption can be applied separately to the gross commission income earned by each of the firm's brokers. So, if a firm has 25 brokers, the \$500,000 annual exemption would be calculated separately for each of the 25 brokers.
- Finally, having taken advantage of the \$500,000 annual exemption for the firm (in connection with gross receipts from business activity in Auburn), and having also separately accounted for the individual right to a \$500,000 annual exemption for each of the firm's

brokers who have earned commission income in Auburn, the firm can then calculate and submit a single combined payment for any B&O taxes owed to the city after having taken into account the exemption that is available in the city's B&O tax ordinance.

Stated another way, even though this victory will have absolutely no impact on the amount of B&O taxes owed to the state of Washington, and absolutely no impact on the amount of B&O taxes owed to other municipalities, it creates the opportunity to shield the first \$500,000 of the firm's gross receipts earned in Auburn - and the first \$500,000 of each individual broker's gross receipts earned in Auburn - from the new city of Auburn B&O tax.

Any broker earning less than \$500,000 per year in connection with their business done in Auburn would be spared from tax liability to the city under Auburn's new B&O tax.

This is made possible because even though cities are required to use the state's model B&O tax ordinance, cities retain the right to decide what kinds of entities will be subject to the tax, what tax rates will be included in the city ordinance, the nature and amount of any exemptions or tax thresholds, etc. SKCR simply asked the City Council to provide us with the same "tax fairness" that other small businesses will receive from the city. We will be happy to share with you a copy of the materials we provided the city in support of this advocacy. Even though the city elected to use different verbiage than what we had proposed to affect the change we requested, the city agreed that real estate brokers deserve "tax fairness" notwithstanding the manner in which the state assesses and collects B&O taxes owed to the state.

Real estate brokerage firms will need to calculate their B&O tax liability for Auburn separately from their B&O tax liability owed to the state of Washington, and their B&O tax liability owed to other cities.

Even so, we believe that because our individual real estate brokers are small businesses, and do not have the kinds of gross receipts enjoyed by large corporations like Boeing and Amazon, they will be largely exempt from Auburn's new B&O tax as a result of the combination of:

- (a) language in the ordinance that allows their city B&O tax liability to be calculated individually, separate, and apart from the city B&O liability of the firm and/or any other brokers in the office, and
- (b) the \$500,000 exemption provision in section 1-1-5 C.1. of Auburn's new ordinance.

Real Estate Signage

Issaquah Sign Code

The Issaquah City Council is expected to adopt amendments to the sign code in late September.

SKCR has worked with the Council and staff to ensure that updates to the sign code support real estate signage and the needs of our members.

We believe Issaquah has drafted a package that meets community objectives, is understandable, practical and aligns with the United States Supreme Court's Reed vs. Gilbert decision. SKCR concurs fully with the City that Reed v Gilbert applies to non-commercial speech exclusively and does not apply to commercial sign regulations - including real estate.

Because many Issaquah homes can be difficult to find, Seattle King County REALTORS® requested an allowance of one additional off-premises open house A-board, for a total allowance of 4 signs. Once the ordinance passes, we will update the Tri-County Sign Code Matrix.

Kenmore Sign Code

The Kenmore City Council adopted a revised sign code in July.

SKCR actively advocated with city staff and the council, as well as presented testimony at the public hearing. The revised code protects continued marketing activities with the use of on-premises and off-premises real estate signs for real estate brokers and their sellers.

Mercer Island Sign Code

The city of Mercer Island is expected to adopt amendments to the sign code in late September. As of this writing, the draft preserves the use of on-premises and off-premises real estate signs for real estate brokers and their sellers. SKCR is currently working to secure its passage.

In Partnership with Washington REALTORS®

Housing Inventory

REALTORS® worked to secure passage of SB 5024 that will make it easier and less expensive for builders to build condominium units by expanding the list of who can perform certain construction inspections as condo projects are built, and by allowing developers to use a certain bonded portion of a condo reservation fee to finance construction costs.

Housing Action Plans

SKCR's collaborations with WR have generated important gains on condominium liability reform, and bills like HB 1923 (which was expanded in HB 2343) that provides incentives to local governments to increase housing opportunities and density through a menu of housing options.

One of the most encouraging local developments we encountered during our local government advocacy in the follow-on to the passage of this legislation is that numerous jurisdictions throughout King County not only adopted at least two specific code changes to improve housing supply in the last year, they also qualified for an additional \$100,000 grant by adopting a locally tailored Housing Action Plan.

Those Housing Action Plans are more comprehensive than the "two-item" code changes required for cities to receive an initial incentive payment from the state under HB 1923 and required approval by the state Department of Commerce's Growth Management Division. An exemplary effort in this regard involves a massive package of code improvements to augment housing supply, which was approved by the Covington City Council, and is discussed in detail above on page 4.

Another example is the city of Redmond which, like many cities, received a grant from the Washington State Department of Commerce through Realtor-supported House Bill 1923 in early 2020 to develop their Housing Action Plan.

The grant gave Redmond a rare opportunity to analyze the housing landscape, community needs, and the expected demand for the next two decades to identify ways to build more housing, diversify the housing options, and target resources to less advantaged households.

SKCR leadership joined in a virtual meeting with Mayor Angela Birney and her Development Services staff to discuss the Housing Action Plan and how we might support the development of additional housing units, and specifically units affordable to median income earners, often referred to as the *missing middle*.

Neighborhoods Welcome to All

REALTORS® led the effort to address one of the most explicit examples of racial discrimination in housing: racial covenants and deed restrictions. Although unconstitutional and unenforceable, racial covenants still exist on the title to many homes in the State.

As a result of legislation developed by REALTORS® - and with the support of racial justice groups and local governments - property records will be reviewed by university research programs to identify areas in Washington State with racial covenants and property owners will be notified.

The bill also improves the Court process for eliminating such racial language if requested by the homeowner (by removing the necessity for litigation) and adds a notice to the Seller Disclosure Form so that buyers and sellers are aware of the process available to remove racial covenants.

Fair Housing Education

REALTORS® worked closely with legislators on best practices for real estate education as a preventative measure to avoid Fair Housing violations. SB 5378 inserts Fair Housing Education subjects into the continuing professional education requirements that real estate brokers must satisfy in order to qualify for a new real estate license, or to renew an existing license, in Washington.

Tax Issues

Multi Family Tax Exemption (MFTE)

REALTORS® were a part of the coalition that passed the Multifamily Tax Exemption bill to extend and expand the property tax exemptions so builders can use these incentives in virtually every city in the State.

Capital Gains

In 2021, the State Legislature once again took up the issue of creating a new state level Capital Gains Tax. The earliest versions of the proposed tax exempted only the sale of primary residences, and then only if the owner had lived in the house for nine years. Over the course of several years SKCR worked with WR to get legislators to incrementally modify the proposal to eliminate the length of ownership requirement, exempt second homes, exempt vacant land and agricultural lands, and finally to exempt commercial real estate.

Exempting all real estate from a Capital Gains Tax was our long-term priority, which was ultimately achieved. The Capital Gains Tax will only apply to transactions of stocks, bonds, trading in shares of REITS and other financial investments. All deeded real estate transactions are exempt.