

EMINENT DOMAIN FOR UNDERWATER MORTGAGES

The City of Seattle explored a range of tactics to address foreclosure prevention and mitigation through principal reduction. Proposals included:

- Facilitating “lease swaps” as a work-around to the Chapter 13 Bankruptcy Code prohibition on writing down mortgages of principal residences.
- Implementing a range of eminent domain strategies to prevent foreclosures and/or to return recently loan-foreclosed mortgagors to their houses.
- Taking possession of tax-foreclosed properties and converting them to community land banks to then return recently loan-foreclosed mortgagors to their houses.

The tactics explored are the same as those being confronted in Richmond, California and North Las Vegas, Nevada.

This issue alone required a major effort by SKCR in coordination with NWMLS, WR, NAR and the mortgage community. Our coalition, along with the support from Seattle Mayor Murray, prevented the use of eminent domain for underwater mortgages in Seattle. However, on many recent issues, the City of Seattle has demonstrated its interest in prioritizing progressive politics over pragmatic legislation. Such a pattern of behavior suggests that logic and legal precedent may not be sufficient to resolve to the issue, requiring more aggressive measures.

Fortunately, Mayor Ed Murray has indicated recently that he would oppose/veto use of eminent domain to take underwater mortgages that are still performing, but other city leaders on the Council remain focused on finding a way to address the subject.

SKCR served as the front-line of defense in the real estate community and assisted the finance community with its interaction in the city. Our work helped the Mayor and the Office of Housing opposes the use of eminent domain take underwater mortgages.

REAL ESTATE SIGNAGE/DEPARTMENT OF LICENSING COMPLAINT RESOLUTION

This year, we achieved an important success in connection with our on-going multi-year effort to assist NWMLS brokers confronting sign code challenges involving pending complaints to DOL about private restrictions on real estate signage that the NWMLS brokers believe violated state law. SKCR requested DOL refer the matter for investigation, which DOL agreed to do. Then, earlier this year we received notification from DOL that the perpetrators of the private restrictions on real estate signage had agreed to modify their conduct so that it would not violate state law and would provide a level playing field for the NWMLS member brokers whom SKCR assisted.

THREAT OF NEW POINT-OF-SALE ENERGY AUDIT MANDATES

SKCR has moved the debate on energy audits from a mandatory audit at the point-of-sale to the concept of providing greater energy information somewhere within the transaction. While not total victory and perhaps not a permanent win, we have succeeded in holding off an audit mandate for nearly four years and with three mayors.

NEW POINT-OF-SALE MANDATE FOR CONVEYANCES – Elevator, Tram, Side Stair Lift, etc.

SKCR was able to stop an effort during the first quarter of 2014 to impose a new point-of-sale mandate that would have required pre-sale inspections (and certification of compliance with applicable codes) of all residential conveyances in order to close the sale of any single family home with an elevator, tram, side stair lift, etc. Private elevator inspectors promoted the idea as a safety issue. But SKCR’s public records request produced an admission from the government that even though state law requires conveyance accident reports to be filed with the state elevator inspector anytime there is an injury-accident in a single family property, no such reports of conveyance injury-accidents have been filed anywhere in the state in the last five years.

KENT B&O RATE INCREASE AVOIDED

The REALTORS®, by working with members of the Kent City Council and the Kent Chamber of Commerce, were able to avoid an additional increase in the City’s new B&O Tax during 2014. The prospect of an increase first surfaced in 2013 when collections of the City’s new B&O tax were far below what the City had planned for, and predicted. Then, the issue was revisited by the City again this year. Instead of pursuing a B&O tax rate increase, the City is moving towards adoption of a Transportation LID (Local Improvement District) to fund grade separation crossings for trains and vehicles on the valley floor inside the city limits.

Only 563 businesses (of more than 5,000) filed returns for the first quarter that the new tax was in effect, which garnered the City just \$617,000. Under the City’s B&O tax, revenues fell far short of what the City was hoping would be collected. Increasing the rate, rather than increasing compliance, would have been the easy way for the city to seek revenue but would have penalized REALTOR® firms that were complying with the new law.

The REALTORS® worked in partnership with the Kent Chamber of Commerce last year to obtain some major modifications in the B&O proposal to lessen the negative impact of an additional gross receipts tax on businesses, including: adding an exemption, reducing the tax rate, reducing the total amount of tax sought to be collected, restricting any excess collections solely to capital projects, and limiting the use of the funds to street maintenance.

RENTON SPRINKLER ORDINANCE

Working in partnership with the Masterbuilders and City Councilmember Ed Prince, the REALTORS® were able to avoid an ill-advised proposal that would have required sprinklers in single-family residential properties.

ASARCO SMELTER PLUME DISCLOSURES

The Washington State Department of Ecology (DOE) has undertaken a commendable effort to educate the public about environmental hazards associated with young children eating dirt contaminated by the now defunct ASARCO smelter that was located in Pierce County. When DOE approached SKCR about endorsing the use of their draft form, we expressed concerns about the legal accuracy and substantive sufficiency of the proposed DOE draft pamphlet, and sought to engage attorneys from NWMLS, Washington REALTORS® and lawyers for the real estate brokerage community. The legal community responded and engaged with DOE regarding the industry’s concerns. Additionally, we sought – successfully – to direct DOE’s scientist to NWMLS attorney Justin Haag to provide an early opportunity must be declined by NWMLS message in connection with the failure of DOE to accommodate the nuances of disclosure law and the corresponding potential liability issues for the industry. We expect the matter to remain on the agency’s 2015 work plan.

HOUSING SUPPLY IS A PRIMARY FOCUS FOR SKCR

– Because Brokers Need Inventory to Sell

SKCR has supported reasonable zoning amendments in a range of jurisdictions that offer a significant increase in housing supply and are likely to be embraced by the market.

As a result, new future housing supply is being created through increases in zoned capacity, modified development regulations, modification of tax exemption policies, adoption of new SEPA categorical exemptions and related planning efforts to support growth:

City	Inventory
Redmond Over-lake Village	5,700 housing units
Seattle South Lake Union	12,000 housing units
Bellevue Bel-Red Corridor	5,000 housing units
Central Issaquah Plan	5,750 housing units
Burien	350 Housing units in two projects will break ground this fall, freeing up additional re-sale units as empty nester seniors downsize and move out of their single family homes.

City	Inventory
Burien Planning Commission	In response to advocacy by the REALTORS® and HDC (which was supported by city staff) the Planning Commission is recommending further increases in the City’s capacity to accommodate additional housing in the city, together with modifications to development standards.
Covington	350 housing units will break ground this fall on the first upscale higher rise housing project that is intended to be the catalyst for addition housing in the downtown.
Covington Hawk Property	The development of the “Hawk Property” - a 210 acre site located along State Route 18 near 256th - is being developed by Oakpointe LLC to provide a mix of housing opportunities the city currently doesn’t have much of (such as town-homes and upscale multi-family) as well as new business locations to complement downtown.
Covington	The City has approved a Town Center design and selected a contractor partner for the redevelopment of property on the east side of Kent-Kangley that will become the new Downtown. Under comp plan and zoning changes the city has approved, an additional 2,700 units can be accommodated within sight of the forthcoming Town Center.
Enumclaw	Friendlier development standards adopted to allow “zero lot line” developments on property held in individual fee simple ownership if a HOA is created to enforce the provision, and measurement of setbacks from the property line to the foundation instead of to the eaves to allow greater density in new home developments.
Black Diamond	6,000+ housing units: YarrowBay has broken ground on Phase 1 of the first of two MPD communities that will bring more than 6,000 new housing units to the market, together with more than 1 million square feet of retail, offices, commercial and light industrial development, schools, recreation and open space. SKCR worked to assist city officials, and supported two development agreements that allowed the courts to reject three different challenges to the projects, most recently before the Washington State Supreme Court.
Auburn	Downtown catalyst projects include a 126-unit mixed-use project, and a second project for market rate senior housing.