

# Issues & Impacts

Seattle-King County REALTORS® (SKCR) is working to ensure that public policies support homeownership and your business's bottom line. Please contact Taylor Shanaman, Director of Governmental and Public Affairs, at [tshanaman@nwrealtor.com](mailto:tshanaman@nwrealtor.com) with any local legislative issues that may need our attention. **The next issues will be released in October 2022.**

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## MAYOR HARRELL VETOES LEGISLATION

Seattle Mayor Harrell Vetoes SKCR-Opposed Council Mandate that Landlords Submit Rent Report City Contractor.

During the past several months, SKCR worked with the University of Washington's Washington Center for Real Estate Research, the Washington Multifamily Housing Association, and the Rental Housing Association of Washington to modify a City Council proposal requiring landlords to submit commercially sensitive business information about the size, characteristics, price, and occupancy status of their rental units.



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SKCR and its partners argued that the program should be voluntary, akin to the Dupre + Scott Report that was produced in the Seattle market for many years. Additionally, we raised concerns about the ultimate use of the information, given the Council's dismissive posture toward landlords. Council narrowly passed the proposal 5-4 (Juarez, Nelson, Mosqueda, and Strauss voting no).

Importantly, Mayor Harrell vetoed the legislation. In his veto letter to the Council, he said, While I do not agree with this legislation's approach, I agree on the stated goal: we need reliable data. With that in mind, and relying on the wisdom of Director Young from the University of Washington, I am calling on private industry to establish a replacement to the now-shuttered Dupre + Scott Apartment Advisors, which was a trusted source that tracked rental housing locally.

I am committed to working with the City Council on the Comprehensive Plan update and balancing the need to accommodate more growth in the city while minimizing potential negative impacts

The Mayor's veto is significant because it sends a message to the Council that politically popular, but poorly conceived legislation will not win his support.

The Council will reconsider the question in early July and would need 6 votes to override.

## Landlord Tenant Regulations

King County jurisdictions continue to contemplate new tenant protections.

SKCR's goal is to seek a balanced approach to landlord tenant regulation that does not unduly burden landlords who own a small number of units, many of whom are our members and/or for whom our members work.

SKCR is urging restraint and cautioning that added regulations will create disincentives to operating rental property and lead to increased rents. Particularly hard hit will be small, mom-and-pop landlords who own 1-5 units. Members report that COVID-related disruption in rental income has placed tremendous financial strain and uncertainty for many of these small owners since the mortgage, property taxes and utility bills are due regardless of rental income.

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## Kenmore:

In the spring, the city of Kenmore adopted a range of new tenant protections beyond the robust set of protections adopted by the state legislature during the 2020-2021 session. The City is now debating an addition set of protections. SKCR is asking the city to exempt owners of four or less units.

## Shoreline:

The city of Shoreline is exploring whether to add a set of tenant protections similar to Seattle and Kenmore. As in other jurisdictions, SKCR is urging a measured approach and the Council is being responsive. They have tabled the question for the balance of the year and the Mayor has made clear that he does not wish to duplicate protections provided by state law.

## AFFORDABLE HOUSING PROJECTS

### SOUND TRANSIT:

#### **Board Agrees to 2 SeaTac Affordable Housing Transit-Oriented Developments**

The Board of Sound Transit has approved terms that it says will allow its selected developers to build-out two of the agency's transit-oriented development sites adjacent to its Angle Lake Light Rail Station and garage in SeaTac. It's important news for REALTORS® because every unit of new housing helps with affordability.

Sound Transit selected Mercy Housing Northwest last year to develop a shy-acre site the agency refers to as Angle Lake TOD North. Additionally, South 200th Street Station, LLC was selected to develop a property known as Angle Lake TOD South.

The property to be developed by Mercy Housing Northwest is approximately three quarters of an acre, and the Angle Lake South property is approximately two thirds of an acre.

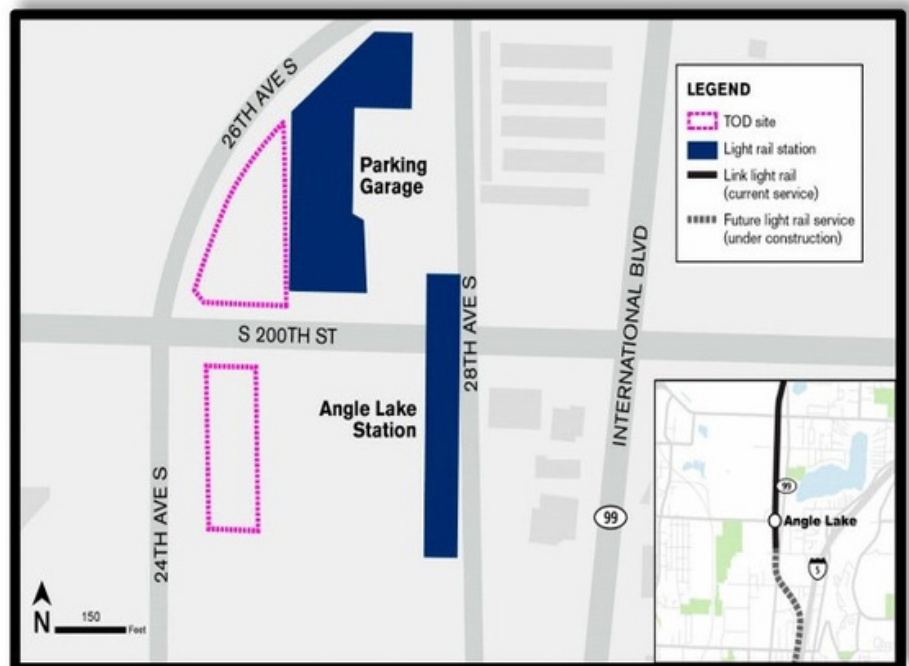
Mercy Housing Northwest (MHNW) will build a minimum of 85 affordable housing units and ground-floor commercial or office space. The units will be a mix of studios and one, two and three-bedroom apartments. More than half of the units will be family-sized housing with two or three bedrooms. Mercy Housing would also set

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aside approximately 20 housing units for residents living with developmental or intellectual disabilities.

Mercy Housing is partnering with The Arc of King County to relocate its headquarters to the ground-floor space. Mercy will agree to pay a discounted land purchase price of \$300,000 - \$400,000, and is targeting late 2022 to start construction on their project.

Since 1992, Mercy Housing has provided affordable homes to people with low incomes, including families and seniors. With 47 properties in Washington and Idaho, it serves 5,100 people every day and typically supplements much of its housing with services programs that help residents build stable lives. Mercy Housing Northwest is a regional branch of Mercy Housing, Inc., a leading



national affordable housing nonprofit headquartered in Denver. South 200th Street Station, LLC intends to incorporate the south property into its adjacent master planned development. As a condition of Sound Transit's property transfer, a minimum of 230 housing units will be created as part of the master plan development with 20% of the units provided as affordable housing. The developer will pay Sound Transit \$1.95 million for the property. South 200th Street Station, LLC hopes to break ground on the Angle Lake South project in 2024.

Information about Sound Transit's Transit Oriented Development program is [available here](#).

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## TINY HOMES

### Tiny Houses

#### A Tale of Two Cities-Tukwila and Kent

In the nearly 2,500 days that have passed since Seattle's Mayor and King County's Executive declared a homeless emergency in early November 2015, housing advocates and elected officials have endeavored to find solutions acceptable to communities for housing the homeless.

One of the options they have considered is "Tiny Houses." Chief among the advocates for Tiny Houses has been the Low Income Housing Institute, also known as LIHI - pronounced Lee-High - which works with cities to find and create opportunities to site Tiny Home Communities.

According to LIHI's Founding Executive Director Sharon Lee, her organization has the best record of moving homeless people from temporary shelter to permanent housing.

The Tiny House Villages typically cost about \$1 million a year to operate.

Recently, LIHI received a green light for the two projects in the city of Tukwila, but encountered a cautious wait and see yellow light from the Kent City Council.

As part of learning important career and life skills while helping their community, students in the Career and Technical Education (CTE) "Skilled & Technical Sciences Program" are building two Tiny Houses that when completed will be moved to an upcoming LIHI Tiny House Village. Students at Interlake High School have also been acknowledged by LIHI for help with constructing Tiny Houses.



LIHI photos of tiny houses

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## Tukwila:

Tukwila is working with LIHI, Sound Foundations NW and two churches that want to host Tiny House Villages for people experiencing homelessness in Tukwila:

Riverton Park United Methodist Church, led by Rev. Jan Bolerjack, is working to replace a tent encampment on its church property with a Tiny Home Village.

Riverton Park UMC has a social outreach history in the city, including running the Tukwila Food Pantry which serves a large, marginalized community and is one of the few sources of food for some city residents. With the onset of the Covid pandemic, they increased the number of people they serve five-fold in order to help meet the daily food needs of approximately 1,000 people. In fact, two thirds of the church sanctuary is used just to provide space for clothing and household items for the community.

For the past six years, volunteers from the tent encampment in the church parking lot have prepared food, placed it in boxes, and then delivered it to encampment residents currently living in tents, but soon to be living in Tiny Houses.

Miracle Temple Church of God in Christ, led by Rev. Henry Jenkins, opened a Tiny House Village on its church parking lot in May of this year. The new Tiny House Village in Rainier Beach is expected to be able to house up to 60 people.

Jenkins said his church is being remodeled and is happy to allow a tiny house village to go up on the parking lot behind his church. He told KOMO: "I love it. I love it. It's helping people. Giving people a second chance at life. Tiny home village, I believe, has got a good program. It brings people in and lets them stay 6 months. They house them and then shift them into permanent housing. That's a good program."

## Southend Village:

Still another Tiny House Village to open recently is Southend Village in Rainier Beach/South Seattle. The project was stalled and sat empty for weeks because there wasn't enough funding. Lucky 7 Foundation stepped up and offered a last-minute grant of \$250,000. That grant inspired the new King County Regional

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Homelessness Authority committing to offer half a million dollars to help with operation costs for the rest of the year.

Southend will serve up to 60 homeless people at a time. The village has 40 tiny houses with insulation, heat, and a locking door for families, couples, individuals and people with pets locally experiencing homelessness. Each house is 8' x 12' and is fully furnished. The village has 24/7 staffing and includes bathrooms, showers, laundry, kitchen, community gathering spaces, and case manager and security offices. A cedar fence surrounds the village with one entrance and an emergency exit.

According to LIHI, Refugee Women's Alliance case managers are on-site to help residents obtain permanent housing, employment, health care, getting IDs, and other services. Case managers have a direct pipeline to over 3,000 units of LIHI permanent housing including many units in South Seattle.

## **Kent:**

The Low Income Housing Institute also sought to work with the city of Kent, and stakeholders in the City - including the Government Affairs Committee of the Kent Chamber of Commerce. A unanimous City Council voted to delay consideration of adding Tiny House Villages to the city landscape.

Instead, the issue of how and where Tiny House Villages might fit into the city will be considered as part of a citywide look at transitional housing. That review will occur in connection with the state-mandated "major update" of the City's comprehensive plan, which is required to be completed in 2024. The city is expected to look at all forms of transitional housing - not just Tiny House Villages - including permanent supportive housing, indoor emergency shelters and indoor emergency homes.

At an April 5th meeting in the City Council Chambers the Low Income Housing Institute said it wanted to build 28 tiny homes this summer on property near 244th and 94th Avenue South. The property is owned by St. James Episcopal Church.

At subsequent City Council meetings on April 19th and May 3rd the City Council received additional comments from a couple of dozen people on the LIHI proposal, some in support and other opposing the plan.

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Sally Ross, vice president of the HOA for the Wildberry neighborhood located 11 blocks from the church said the zoning was not right for the project, and opposed a code amendment to allow it indicating there are several developments with million-dollar homes within a mile of the site. She expressed concerns about protecting property values and the safety of neighboring residents.

Pat Gray helped the Kent Homelessness Partnership Effort (KentHOPE) and Seattle's Union Gospel Mission open a women's shelter in 2013 that has helped transition 775 women out of homelessness since it opened eight years ago. Gray testified in favor of the Tiny House Village, recalling that 11 years ago KentHOPE was met with great opposition - and had to use its own building - after being denied four other buildings.

## CONSERVATION FUTURES LEVY

In May, King County Executive Dow Constantine announced a proposal to double the renewal rate for the King County Conservation Futures Levy. Conservation Futures Levy funds are used for preservation of forests, farmland, trails and rivers throughout urban and rural King County; as many as 65,000 acres of high conservation value lands. The tax will increase from its current rate of 3.12 cents per \$1,000 of assessed valuation to 6.25 cents per \$1,000 of assessed valuation. The question will be put before voters on the November 2022 ballot.

While SKCR has not taken a position on the measure, SKCR and the Master Builders are revisiting a discussion with the County we had just prior to COVID interruptions focused on the loss of urban and rural buildable lots as lands are preserved. We are encouraging the County to develop a no net loss policy by which the lost capacity of preserved lands is replaced on other lands. With an estimated 3,000 to 4,000 single family units potentially lost, at a time of severe housing crisis, our request is not insignificant.

## NEW MULTI FAMILY TAX EXEMPTION



The city of Tukwila is considering extending its Multi-Family Property Tax Exemption (MFTE) Program to owner-occupied affordable housing along Tukwila International Boulevard.



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For years, the Association of REALTORS® has been a strong supporter of the Multi-Family Tax Exemption (MFTE) program.

The MFTE reduces the property taxes owed on a development by exempting the value of the multi-family residential improvements (not including the value of land or commercial uses) over a specific period of time which can be 8, 12 and/or 20 years, subject to certain requirements.

Approximately 50 cities in Washington have, or had, a MFTE program. Most are located along the I-5 corridor between Olympia and Marysville. Many cities provide additional requirements on their MFTE programs, which may vary by city:

- Some cities required greater affordability than the State's minimum.
- Some cities have other types of requirements. For example:
  - Woodinville requires that a building be built to LEED standards in order to get the MFTE.
  - Newcastle requires a public or cultural use for the building; and
  - Yakima requires that there be an investment of least \$25,000 in each unit constructed.
  - Several cities, such as Seattle, require that all MFTE projects have an affordability component and do not offer the 8-year exemption option for market rate units.

## **Tukwila's MFTE Program:**

In 2014, the City adopted a MFTE program for a portion of the Southcenter area's Transit Oriented Development District in the Tukwila Urban Center that is west of the Green River. At the time, the City's goal was to encourage the development of new multi-family housing to help fulfill the City's vision for the neighborhood, and to meet the City's housing targets.

After a lack of new housing development in that District for many years, city staff recommended the incentive as a temporary way to show the private sector that the market rents for new housing were significantly higher than the comparable rents in the adjacent neighborhoods which reflected older housing stock. The incentive also made multi-family housing financially feasible for the developer, especially given the market demand for other types of land uses, specifically one-story retail.

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The program resulted in three new developments, all of which submitted their MFTE applications to the City prior to the end of 2017, and were completed within the required period:

AirMark Apartments - A mixed use, 19 story building located along Andover Park East featuring 371 market rate apartments and the Hotel Interurban. (2018 MFTE Effective Date, 8-Year Exemption which applies only to the residential portion of the project).

Marvelle Southcenter - Active senior housing at the corner of Baker Blvd. and Andover Park East. (2021 MFTE Effective Date, 8-Year Exemption)

Holden at Southcenter - Five floors of assisted living units, and one floor of memory care units. Only the assisted living units qualified for the MFTE. (2022 MFTE Effective Date, 8-Year Exemption)

Because the City's goal was to provide a temporary incentive to stimulate the private development without becoming a long-term subsidy, the City's Southcenter District MFTE program included a limited application period which sunset at the end of 2017. After that, the City no longer accepted MFTE applications.

The City Council reenacted the program at the end of 2021 and projects can now submit their request for the MFTE in the Southcenter District through 2022.

The current suggestion to extend the city's MFTE program to Tukwila International Boulevard was outlined for the City's Planning and Community Development Committee in an April 7, 2022, memo from Derek Speck, Tukwila's Economic Development Administrator, and Brandon Miles, the City's Business Relations Manager.

The goal for adopting a limited program along Tukwila International Blvd. is to help demonstrate that owner occupied, affordable housing is possible in the neighborhood. The general criteria staff is considering recommending for this change include the following requirements:

- Applications for the MFTE must be submitted prior to December 31, 2024
- The project must include a parcel that directly fronts along Tukwila International Blvd.

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- All units must be owner occupied. The units cannot be used for rentals or Airbnb's.
- Only those units that meet the affordability requirement of RCW 84.14 will qualify for the property tax exemption. All other units will still be subject to the property tax.
- Include a mix of unit types and sizes.
- To qualify for the 20-year exemption, the project must:
  - Have a government entity or non-profit that agrees to monitor and manage the affordability requirements over the life of exemption and agree to provide annual reports to the City.
  - Have zoning that allows at least 15 units per acre.

Tukwila staff anticipates the initiative would have minimal financial impacts to the City, primarily because they are small relative to the amount of development already in the City. New development does bring additional city costs to provide services but affordable, ownership housing may stimulate other development that would bring additional revenues.

According to the two senior city staffers, Washington law (RCW 84.14) allows cities planning under the Growth Management Act to provide a property tax exemption to qualifying residential developments inside the city limits. The MFTE program is designed and intended to stimulate the creation or rehabilitation of multifamily housing, which can be rental or owner-occupied, and market-rate or affordable. Growth Management Act requirements apply to all cities in King County, so the opportunity could exist for any of the 39 cities with urban centers that have insufficient housing opportunities, including affordable housing opportunities.

Section .007 of the statute highlighted by Speck and Miles provides that the purpose of the MFTE program is to “stimulate the construction of new multifamily housing and the rehabilitation of existing vacant and underutilized buildings for multifamily housing in urban centers having insufficient housing opportunities that will increase and improve residential opportunities, including affordable housing opportunities, within these urban centers.”

The statute authorizes differing exemptions based on the intensity of affordable housing units in the project:

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8-Year Exemption: A MFTE exemption for up to eight years is allowed if:

- The project does not include affordability requirements.
- The project could be rental or owner-occupied.

12-Year Exemption: A MFTE exemption for up to 12 years is allowed if:

- The land and space used for commercial activities is still subject to being assessed property taxes.
- At least 20% on of the units in the project must be affordable to low and moderate-income households (if rental), or moderate-income households (if owner-occupied). Affordable housing and Low and Moderate-income households are defined in [RCW 84.14.010 \(1\), \(8\) and \(9\)](#).

20-Year Exemption: A MFTE exemption for up to 20 years is allowed if:

- At least 25% of the units will be made available for affordable homeownership, with a local government or non-profit overseeing long term compliance with affordability restrictions.
- The zoning where the units are constructed must allow a minimum density of at least 25 units per acre. The affordability requirements are the same as for the 12-year exemption.

## TENTS AND CANOPIES

### SEATAC

As a result of new rules adopted by the SeaTac City Council, residents are only allowed to have tents and canopies on their properties if certain conditions are met.

Under the new rules, tents and canopies are not the same thing.

- A tent is an enclosure with walls on 25% of the enclosure.
- A canopy is an enclosed structure with less than 25% of it comprised of walls.

So, a 10'x10' canopy with even a single 10' wide wall on one side of the structure would be considered a tent.

Residents are allowed to have a canopy or tent in their rear or side yards, but only if it complies with a significant number of new regulations:

- Tent and canopy structures must be at least three feet from the side property line.
- If placing the structure in the side or rear of a property is not feasible, a canopy,

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but not a tent, can be placed in the front yard, but only under limited circumstances.

- Residents are allowed a maximum of three tents and/or canopies on their property.
- Tents and canopy structures are not allowed to be placed on vacant lots, nor can they be stand-alone structures on a parcel of land.
- Depending on the size of canopy or tent, a 25-foot separation distance may also be required.
- If using a tent/canopy for parking, the area underneath must be paved.
- All tents and canopies must be white, or another subdued color. In other words, blue tarps are not allowed for the structures.
- All tents and canopies must be made of approved fire-retardant materials.
- Residential tent and canopy allowances are calculated based on the home's building lot coverage. The maximum is 35% percent of the lot's square footage for Urban Low Density Residential (UL) zoning designations.
- Building lot coverage is the percentage of the lot area covered by all buildings, including accessory buildings and tent structures. This is generally measured based on the building foundation footprint and other appurtenances on the ground (as opposed to roof overhang).
- A permit may be required to have one of these structures, so city officials encourage residents to contact the Building Division at (206) 973-4750 with questions, or review the City's handout on tents and canopies [at this link](#).

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### **Your Advocacy Leadership:**

Garrett Nelson, 2022 VP of Governmental & Public Affairs - [garrettnelsonrealty@gmail.com](mailto:garrettnelsonrealty@gmail.com)

Michele Hunt, 2022 VP-Elect of Governmental & Public Affairs - [michelehunt@outlook.com](mailto:michelehunt@outlook.com)

Taylor Shanaman, Director of Governmental and Public Affairs, [tshanaman@nwrealtor.com](mailto:tshanaman@nwrealtor.com)

### **Local Legislative Housing Advocates:**

Sam Pace - [sam@sampace.com](mailto:sam@sampace.com) and Randy Bannecker - [randy@bannecker.com](mailto:randy@bannecker.com)

Please call Taylor at 425.974.1013 x704 for questions or comments.