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"Exceptionally low" inventory slows year-end home sales, contributes to steep price hikes around Greater Seattle region

KIRKLAND, Washington (January 5, 2018) – The year 2017 may be in the books and for many members of Northwest Multiple Listing Service it was a memorable one with December's activity being no exception. Brokers reported historic lows for inventory and year-over-year price gains in most areas.

"I've never seen inventory this low in Kitsap County in 27 years," remarked Northwest MLS director Frank Wilson, branch managing broker at John L. Scott Real Estate in Poulsbo. That county's number of active listings last month plunged nearly 40 percent from year-ago levels.

At month end, there were only 397 active listings in Kitsap County (down from the year-ago total of 659), a level Wilson described as "exceptionally low," even accounting for seasonal factors. "A normal inventory in Kitsap County used to be 1,500 to 1,700, but we have not seen that number of active listings in several years," he lamented. Northwest MLS data show the last time inventory topped 1,500 in that county was in July 2014 when there were 1,503 listings at month end.

For the MLS area overall, inventory shrunk 19 percent, from 10,569 active listings at the end of 2016 to last month's figure of 8,553. That's the smallest selection for any month in the past decade. For the fourth time this year, monthly inventory dipped below the 10,000 mark, a level not reached at any other time during the 10-year comparison.

Despite the paltry supply, last month's sales remained remarkably strong, with closings up slightly (0.88 percent) from a year ago. Northwest MLS members reported 7,642 closed sales, about the same volume as a year ago when completed transactions totaled 7,575.

Year-over-year pending sales of single family homes and condos (combined) fell about 3 percent, from 6,390 to 6,198, but far outgained the number of new listings added to inventory (4,053).

"December, which has historically been a slower month, picked up momentum and never let up," reported George Moorhead, designated broker at Bentley Properties. Unlike October through November, which he described as slower than what had been seen the past three years, "December drew aggressive buyers, some motivated by expectations of a flattening market, with others trying to beat anticipated interest rate hikes." Purchasers were from all buying demographics, noted Moorhead, a member of the Northwest MLS board of directors.

Several MLS leaders commented on the consequences of depleted inventory, including OB Jacobi, president of Windermere Real Estate.

"While pending sales are down double digits in King County, it's not because there are fewer people buying, it's because there is far less to buy," according to Jacobi. "That's why home prices tell the true story of this market and the huge discrepancy between supply and demand. As long as this imbalance remains, prices will continue to see steep increases, just as they did in December and throughout 2017."

Northwest MLS statistics show prices rose 11.4 percent system-wide for the 7,642 completed sales of homes and condos. Thirteen of the 23 counties in the report had double-digit price hikes from a year ago. Two counties reported price drops: Chelan (-11.2 percent) and Douglas (-6.5 percent).

Within the Puget Sound region, King County registered the sharpest price escalations at nearly 16 percent. Year-over-year prices jumped from $505,000 to $585,000. For single family homes in King County (excluding condos), the hike was similar (about 15.5 percent), rising from $550,000 to $635,000.

Condo prices surged 28 percent in King County over the past twelve months, from $315,000 to $402,000. During the same year-over-year period, active listings in the county fell from 346 units to 206 (down more than 40 percent), leaving only about 10 days of supply (0.35 months of inventory).

System-wide, there is a little more than a month's supply (1.12 months) of homes and condos, with the shortages most pronounced in the four-county Puget Sound region. Three of those counties – King, Kitsap and Snohomish – have less than a month's supply; Pierce County is somewhat better off with 1.1 months.

"While all year we've been bemoaning lack of inventory and escalating prices, the statistics show 2017 was a banner year in many respects for real estate in the Puget Sound region and throughout the Northwest," stated Mike Grady, president and COO of Coldwell Banker Bain. He cited year-over-year gains in both prices and values, commenting "As a result of this strong market, homeowners are experiencing bountiful gains in property values."

Brokers expect momentum to continue despite uncertainty about interest rates and taxes.

J. Lennox Scott, chairman and CEO of John L. Scott Real Estate, believes the Central Puget Sound housing market will remain one of the strongest in the nation. "It will be another happy new year for real estate activity." As the new year unfolds, he expects buyers "will emerge from winter holiday hibernation in big numbers" in part thanks to the Seahawks. "Without the Seahawks in the football playoffs, the 2018 housing market will be more intense earlier in January rather than heating up after the Super Bowl," Scott remarked.

Scott also anticipates a "frenzied, multiple-offer market" in the more affordable and mid-price ranges, as well as "good-to-strong" sales activity in the luxury market close to the job centers. Positive job growth and attractive interest rates will propel activity, he suggests, adding "In the more affordable and mid-price ranges, the impact of the new federal tax policy is minimal."

Wilson also believes the new tax code will not have an immediate impact on home sales in Kitsap County. "The majority of our purchasers are buying for lifestyle reasons such as a new job, transfer of job or duty station, or household size expanding or contracting." He suggests 2018 "will look a lot like 2017" but everything will be amplified due to the extreme shortage of active listings.

Grady concurred. “As we look forward to 2018 we continue to believe this is a great time to buy real estate. We see only positive returns for homeowners and real estate investors this year and likely for several years to come.”

Moorhead anticipates aggressive buyer activity through May, but expects some short-term flattening thereafter with single-digit appreciation in the range of 5-to-7 percent. Builders still have memories of 2008, but with moderate activity and price increases likely to be sustained, “they are cautiously optimistic.”

Luxury buyers seem to be undeterred by the change in the mortgage interest deduction, Moorhead noted. (The bill lowered the cap from $1 million to $750,000 for primary residences.) He said they polled their top 30 luxury home buyers regarding the change. The most common responses were “disappointment at losing a great tax planning deduction,” Moorhead reported, but added, “Those surveyed said it would not change the style of home or price point for the homes they are looking to purchase.”

Northwest Multiple Listing Service, owned by its member real estate firms, is the largest full-service MLS in the Northwest. Its membership of more than 2,200 member offices includes more than 26,000 real estate professionals. The organization, based in Kirkland, Wash., currently serves 23 counties in the state.

Statistical tables begin on next page.

Statistical Summary by Counties: Market Activity Summary – **December 2017**

Single Fam. Homes + Condos	**LISTINGS**		**PENDING SALES**	**CLOSED SALES**			**Months of Inventory**	
	New Listings	Total Active	# Pending Sales	# Closings	Avg. Price	Median Price	This month	Same mo., year ago
King	1,165	1,374	1,850	2,681	$700,191	$585,000	0.51	0.73
Snohomish	614	709	1,009	1,242	$465,405	$425,000	0.57	0.89
Pierce	872	1,500	1,248	1,356	$355,422	$314,995	1.11	1.33
Kitsap	207	397	353	409	$376,057	$315,000	0.97	1.44
Mason	55	229	86	81	$259,132	$230,000	2.83	3.27
Skagit	80	308	142	156	$343,905	$307,500	1.97	1.97
Grays Harbor	70	336	110	103	$207,026	$199,000	3.26	5.72
Lewis	64	274	79	92	$208,910	$190,000	2.98	3.23
Cowlitz	71	219	112	129	$240,977	$220,000	1.70	1.62
Grant	46	252	55	69	$197,041	$192,610	3.65	4.85
Thurston	247	490	325	425	$307,774	$283,000	1.15	1.62
San Juan	18	164	19	32	$624,091	$487,500	5.13	6.63
Island	83	279	129	142	$375,893	$324,500	1.96	2.48
Kittitas	39	140	61	69	$354,427	$280,000	2.03	2.66
Jefferson	21	159	43	53	$376,181	$362,000	3.00	4.34
Okanogan	18	216	27	32	$244,913	$207,000	6.75	8.10
Whatcom	174	542	252	271	$387,634	$342,000	2.00	2.05
Clark	24	80	48	51	$368,016	$340,000	1.57	0.91
Pacific	31	188	35	34	$224,900	$177,450	5.53	3.63
Ferry	3	41	4	5	$183,100	$85,000	8.20	28.50
Clallam	52	217	81	96	$327,867	$294,500	2.26	2.40
Chelan	38	176	57	47	$325,439	$275,000	3.74	2.56
Douglas	30	104	34	20	$311,115	$294,500	5.20	2.40
Others	31	159	39	47	$194,844	$176,000	3.38	4.87
Total	**4,053**	**8,553**	**6,198**	**7,642**	**$484,399**	**$383,000**	**1.12**	**1.40**

Tables continue on next page.

4-county Puget Sound Region Pending Sales (SFH + Condo combined)

(totals include King, Snohomish, Pierce & Kitsap counties)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2000	3706	4778	5903	5116	5490	5079	4928	5432	4569	4675	4126	3166
2001	4334	5056	5722	5399	5631	5568	5434	5544	4040	4387	4155	3430
2002	4293	4735	5569	5436	6131	5212	5525	6215	5394	5777	4966	4153
2003	4746	5290	6889	6837	7148	7202	7673	7135	6698	6552	4904	4454
2004	4521	6284	8073	7910	7888	8186	7583	7464	6984	6761	6228	5195
2005	5426	6833	8801	8420	8610	8896	8207	8784	7561	7157	6188	4837
2006	5275	6032	8174	7651	8411	8094	7121	7692	6216	6403	5292	4346
2007	4869	6239	7192	6974	7311	6876	6371	5580	4153	4447	3896	2975
2008	3291	4167	4520	4624	4526	4765	4580	4584	4445	3346	2841	2432
2009	3250	3407	4262	5372	5498	5963	5551	5764	5825	5702	3829	3440
2010	4381	5211	6821	7368	4058	4239	4306	4520	4350	4376	3938	3474
2011	4272	4767	6049	5732	5963	5868	5657	5944	5299	5384	4814	4197
2012	4921	6069	7386	7015	7295	6733	6489	6341	5871	6453	5188	4181
2013	5548	6095	7400	7462	7743	7374	7264	6916	5951	6222	5083	3957
2014	5406	5587	7099	7325	8055	7546	7169	6959	6661	6469	5220	4410
2015	5791	6541	8648	8671	8620	8608	8248	7792	7179	6977	5703	4475
2016	5420	6703	8130	8332	9153	8869	8545	8628	7729	7487	6115	4727
2017	5710	6024	7592	7621	9188	9042	8514	8637	7441	7740	6094	4460

Impact of the 2018 tax laws on real estate owners

BY ANNAMARIE KOONING

The focus of this article is to provide an overview of the new tax law, formally referred to as "The Tax Cuts and Jobs Act," and the impact on both residential property owners as well as investment property owners. The scope of this overview focuses on real estate-related tax law changes and generally does not delve into tax issues not associated with real estate.

PRIMARY RESIDENCE HOMEOWNERS

As a result of doubling the standard deduction to $12,000 for single filers and $24,000 for married filing jointly, according to Moody's Analytics, as many as 38 million Americans who would otherwise itemize may instead choose the higher standard deduction under the new tax plan. The doubling of the standard interest deduction, in essence, removes a previous tax incentive of moving from renting a residence to home ownership. A likely unintended outcome will be fewer Americans choosing to become homeowners versus renting a residence solely for the tax advantages.

Any home mortgage interest debt incurred before December 15, 2017, will continue to be eligible for the home mortgage interest deduction up to $1,000,000. Any home mortgage interest debt incurred after this date will be limited to no more than $750,000 qualifying for the home mortgage interest deduction. Beginning

2018, the deduction for interest paid on a home equity line of credit ("HELOC") will no longer be eligible for the home mortgage interest deduction. However, the new tax law preserves the deduction of mortgage debt used to acquire a second home. This should have a positive impact on supporting property values in resort and vacation destinations.

State and local taxes (referred to collectively as "SALT") can be deducted, but will no longer be unlimited as under previous tax law. The 2018 tax law will allow homeowners to deduct property taxes and either income or sales taxes with a combined limit on these deductions being limited to no more than $10,000. Top earners who live in a state with higher taxes like California, Connecticut, Oregon, Massachusetts, New Jersey, New York will be negatively affected the most by no longer having the previous full federal deduction available. There is the potential for home values in high state tax areas on both the West Coast and East Coast to see a reduction in property values partially due to the new capped SALT deduction at $10,000 and partially due to the new maximum $750,000 home mortgage deduction. A National Association of REALTORS™ study found there could be a drop in home prices up to 10 percent in these and other high state tax areas as a result of limitations in the tax law that won't be as favorable as prior law for some property owners.

Both the House and Senate tax bills had originally proposed increasing the length of time a homeowner would need to live in a primary residence (from five out of eight years versus the current requirement to live in a primary residence two out of five years to qualify for the Section 121 tax exclusion). This proposed change did not become a part of the 2018 tax law. Homeowners will continue to only need to live in their primary residence 24 months in a 60 month time period to be eligible for tax exclusion up to $250,000 if filing single and up to $500,000 if married filing jointly. Property owners will still have the ability to convert a residence into a rental property or convert a rental property into a residence and qualify for tax exclusion benefits under both the primary residence Section 121 rules and also potentially qualify for tax deferral on the rental property under the Section 1031 exchange rules.

INVESTMENT PROPERTY OWNERS

Investment property owners will continue to be able to defer capital gains taxes using 1031 tax-deferred exchanges which have been in the tax code since 1921. No new restrictions on 1031 exchanges of real property were made in the new tax law. However, the new tax law repeals 1031 exchanges for all other types of property that are not real property. This means 1031 exchanges of personal property, collectibles, aircraft, franchise rights, rental cars, trucks, heavy equipment and machinery, etc. will no longer be permitted beginning in 2018. There were no changes made to the capital gain tax rates. An investment property owner selling an investment property can potentially owe up to four different taxes: (1) Deprecation recapture at a rate of 25 percent (2) federal capital gain taxed at either 20 percent or 15 percent depending on taxable income (3) 3.8 percent net investment income tax ("NIIT") when applicable and (4) the applicable state tax rate (as high as an additional 13.3 percent in California.)

Some investors and private equity firms will not have to reclassify "carried interest" compensation from the lower-taxed capital gains tax rate to the higher ordinary income tax rates. However, to qualify for the lower capital gains tax rate on “carried interest,” investors will now have to hold these assets for three years instead of the former one-year holding period.

Some property owners, such as farmers and ranchers and other business owners, will receive a new tax advantage with the ability to immediately write off the cost of new investments in personal property, more commonly referred to as full or immediate expensing. This new provision is part of the tax law for five years and then begins to taper off. There are significant concerns these business and property owners will face a “tax cliff” and higher taxes once the immediate expensing provision expires.

Investment property owners can continue to deduct net interest expense, but investment property owners must elect out of the new interest disallowance tax rules. The new interest limit is effective 2018 and applies to existing debt. The interest limit, and the real estate election, applies at the entity level.

The new tax law continues the current depreciation rules for real estate. However, property owners opting to use the real estate exception to the interest limit must depreciate real property under slightly longer recovery periods of 40 years for nonresidential property, 30 years for residential rental property, and 20 years for qualified interior improvements. Longer depreciation schedules can have a negative impact on the return on investment (“ROI”). Property owners will need to take into account the longer depreciation schedules if they elect to use the real estate exception to the interest limit.

The tax law creates a new tax deduction of 20 percent for pass-through businesses. For taxpayers with incomes above certain thresholds, the 20 percent deduction is limited to the greater of: 50 percent of the W-2 wages paid by the business or 25 percent of the W-2 wages paid by the business, plus 2.5 percent of the unadjusted basis, immediately after acquisition, of depreciable property (which includes structures, but not land). Estates and trusts are eligible for the pass-through benefit. The 20 percent pass-through deduction begins to phase-out beginning at $315,000 for married couples filing jointly.

The new tax law restricts taxpayers from deducting losses incurred in an active trade or business from wage income or portfolio income. This will apply to existing investments and becomes effective 2018.

State and local taxes paid in respect to carrying on a trade or business, or in an activity related to the production of income, continue to remain deductible. Accordingly, a rental property owner can deduct property taxes associated with a business asset, such as any type of rental property.

This article is only intended to provide a brief overview of some of the tax law changes, which will affect any taxpayer who owns real estate and is not intended to provide an in-depth overview of all the new tax law provisions. Every taxpayer should review their specific situation with their own tax advisor.

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Feds raise limits for jumbo loans

Federal housing officials increased the loan limit for single family residence nearly 7 percent for most parts of Washington state, and raised the limit for jumbo loans by more than 12.6 percent.

The new limits, announced in late November, raises the conforming loan limit from $425,100 to $453,100. In King, Snohomish and Pierce counties, which are subject to jumbo loans, the limit increased from $592,250 to $667,000. New rates were also announced for San Juan County.

Units	King, Snohomish & Pierce counties	San Juan County	All other counties in Washington state
1	$667,000	$483,000	$453,100
2	$853,900	$618,300	$580,150
3	$1,032,150	$747,400	$701,250
4	$1,282,700	$928,850	$871,450

Courtesy of Jeff Tisdale, V.I.P. Mortgage, Inc.

Builder confidence hits highest level since mid-1999

Builder confidence for newly-built single family homes soared to its highest level since July 1999, according to the latest National Association of Home Builders/Wells Fargo Housing Market Index (HMI). The gain is attributed to hopes for an improved regulatory environment for firms in the residential construction sector.

The Housing Market Index gauges builder perceptions of current single-family homes sales and sales expectations for the forthcoming six months, rating them as “good,” “fair” or “poor.” Builders are also asked to rate traffic of prospective buyers as “high to very high,” “average” or “low to very low.”

The monthly survey, conducted for the past three decades, is used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view conditions as good than poor.

All three components of the HMI registered gains in December. Buyer traffic rose eight points, to 58 the index measuring current sales conditions improved by four points to 81, and the index charting sales expectations in the next six months increased three points to 79.

Most millennials have the desire, but not the means, to buy a home

About eight of every 10 millennial renters want to purchase a home, but nearly three-fourths of them (72 percent) can't afford to do so, according to a survey by Apartment List. Among respondents in a recent survey, 67 percent said they plan to wait at least three years before buying a home.

A comparison of metro areas shows Ogden-Clearfield, Utah with the largest percentage of millennial homeowners. Abodo an apartment locator site, found 51 percent of young adults in that metro area own a home, well above the national figure of 32.1 percent. The study showed Seattle in 30th place among large cities (102nd place overall), with only 29 percent of millennials being homeowners.

Rounding out the top five metro areas with the highest rate of millennial owners are Grand Rapids-Wyoming, Mich. (45.3 percent), Des Moines-West Des Moines, Iowa (43.6 percent), McAllen-Edinburg-Mission, Texas (43.3 percent) and Minneapolis-St. Paul-Bloomington, Minn. (42.4 percent).

The Los Angeles-Long Beach-Anaheim area had the distinction of having the worst rate of millennial homeownership at only 17.8 percent. Others on the "bottom 5" list were Urban Honolulu (18.3 percent), San Diego-Carlsbad (19.8 percent), New York-Newark-Jersey City, NY-NJ-PA (19.8 percent) and San Jose-Sunnyvale-Santa Clara (20.2 percent).

In its survey, Abodo noted more young adults buying homes in small to midsize cities in the Midwest, South and Southwest, and fewer purchasing houses in expensive coastal cities or college towns like Madison, Wis., and Chapel Hill, N.C.

Researchers also compared equitable values of homes owned by millennials compared to MSA averages. Eight of the 10 MSAs with relatively equitable home values for millennials are located in the South and Midwest, with Texas scoring particularly well. The Spokane-Spokane Valley area was one of only two cities outside the South and Midwest on the list. Bakersfield, Calif. was the other.

Abodo (whose users are predominantly 18-34 years old) also compared the time it took millennials to save for a down payment. Assuming they set aside 15 percent of their rent-bearing incomes per year, the average saved-up time for buying a house valued at $278,337 is 15.6 years. Of the 100 largest MSAs, the shortest saving time was found to be 6.9 years in Youngstown-Warren-Boardman, OH-PA, followed by Dayton, Ohio.

Los Angeles had the longest duration median-earning millennials saving 15% would need to save up for 32.2 years to afford a 20% down payment of $112,033. Seattle area millennials would need to save for 14.5 years to buy a home with the average value for their demographic.

In 2015, 1.4 million homebuyers were under the age of 35, according to The 2017 State of the Nation's Housing report from the Joint Center for Housing Studies of Harvard University. Researchers noted that figure is "well below pre-boom levels." It marked a 5 percentage point drop between 2001 and 2014, while the number of homeowners over age 55 jumped by 13 percentage points.

Seattle area claims majority of most competitive homebuyer markets in U.S.

Nineteen of the country's 25 most-competitive markets for homebuyers are in the Puget Sound region, according to a report from Redfin.

San Jose was found to be the most competitive market. An estimated 85 percent of buyers there who worked with Redfin faced bidding wars, In Seattle it was around 62 percent. The analysis compared metro areas with populations of 1 million or more.

The rankings were based on median sales price growth, median days on the market, percentage of sales sold above asking price, and average sale-to-list price ratio. The latter factor was weighted at three times the other factors because Redfin believes it best represents the effect of competition

The company also ranked markets based on the odds of a listing going under contract within 14 days of the property being offered for sale. Seattle edged out San Jose in that ranking, with 67 percent of homes making that cut.

Seattle's traffic congestion costs businesses nearly $50 million each year

Worsening traffic across the U.S. has a heavy economic cost, estimated to be in the billions every year according to a leading navigation and mapping company.

Seattle recently ranked 4th in a tally of top U.S. cities for snarled traffic, with only New York (#3), San Francisco (#2) and Los Angeles (#1) having worse congestion. Together with 5th ranked San Jose, researchers estimate the cost of congested traffic in the five worst cities is at least $1.75 billion annually.

Seattle's traffic congestion (53rd worst in the world) has increased 10 percent over the past eight years. In the latest analysis, using data from 2016, congestion added 40 minutes per day to drivers' trips. Annually, these delays equaled 152 hours of lost productivity, and was calculated to cost businesses $49.8 million each year. In Los Angeles, the toll is estimated to be $1.36 billion.

The latest TomTom Traffic Index covered 390 cities in 48 countries. Across the U.S., TomTom data show worsening traffic creates a daily productivity loss of 30,154 hours for employers.

The Index is published to provide drivers, industry and policy makers with unbiased information about congestion levels in urban areas. Along with its rankings, the company also offers ideas on ways congestion could be alleviated.

“Traffic congestion increases the probability of a driver becoming stuck on the road, wasting billable time, burning fuel, increasing emissions and potentially disappointing customers,” said Torsten Grunzing, director of sales for TomTom Telematics North America.

Washington ranked 6th for charitable giving

Washington is the 6th most generous state in the country for its philanthropy according to a WalletHub study based on charitable giving, volunteering and service during 2017.

Utah finished first in the overall rankings, followed by Maryland, Minnesota, Wyoming and Wisconsin. Hawaii was deemed the least charitable state.

Among 139 countries, the U.S. ranked 5th, giving $389 billion to charity, with 72 percent of those funds coming directly from individuals. That is the lowest ranking since 2011.

According to the 2017 World Giving Index, which compiles the rankings, Myanmar ranked first, a position it has held for four consecutive years. Indonesia was the runner-up, followed by Kenya. The Giving Index considers helping a stranger, donating money and volunteering time for its rankings.

Thirty-one percent of all annual giving occurs in December, with 12 percent of all giving occurring in the last three days of the year, according to Neon, a company that provides software solutions to help nonprofits “raise more, save more, and get more done.” The company also reported that volunteers are twice as likely to donate as non-volunteers.

To determine the most philanthropic states, WalletHub compared all 50 states across two key dimensions: “volunteering & service” and “charitable giving.” Fourteen key metrics were weighted in the evaluations. Data for the rankings were collected from multiple sources, including U.S. Census Bureau, Corporation for National & Community Service, National Center for Charitable Statistics, and others.

Startup aims to ease moving and help save honeybees

A moving company started by a real estate broker not only aims to make moving less stressful and more eco-friendly, it also strives to help bee populations locally and nationally.

Wesley Rankin drew on a decade of experience in real estate sales, including five years as owner of Hive Realty, to launch HiveBoxx, a company that offers rentable, reusable box and dolly systems. Headquartered in Seattle, the company provides simpler and more sustainable options for relocating residential and commercial customers.

Unlike cardboard, containers from HiveBoxx include various-sized plastic boxes (made from recycled materials) that are durable, water-resistant, and stackable. The moving package includes dollies, moving labels, zip ties, and free delivery and pickup.

Pricing varies with the size of the home or office being moved, but in general range from $99 for the contents of a studio apartment to $350 for a five-bedroom home. The company also offers moving tips and checklists, and extra weeks of storage.

HiveBoxx founder Rankin said he intended his company to be mission-based and chose honeybees in part because of growing recognition of their link in the food chain and the phenomenon known as colony collapse disorder. A portion of the company's net profit supports local bee farms and non-profit educational bee saving projects at community farms.

Seattle approves new regulations for vacation rentals

In a move to boost the supply of affordable housing, the Seattle City Council approved regulations to limit the number of short-term rentals a property owner can operate in the city. The new rules culminated a two-year process and are expected to generate as many as 700 units for longer-tem rentals.

Seattle has nearly 4,200 listings on Airbnb alone, according to Puget Sound Sage, a not-for-profit organization focused on serving low-income people, communities of color, immigrants and refugees in the Puget Sound region. Without the new regulations the organization estimates 1,600 long-term units would have been converted into short-term rentals in the next three years

Starting January 1, 2019, Airbnb and other hosts of short-term rentals will be required to obtain special licenses and pay new taxes. Operators of such rentals will be limited to two dwelling units each (with some exemptions for current hosts) and pay a tax of $14 per night if they rent the entire unit or $8 per night if only part of their unit is rented. Additionally, Airbnb, HomeAway, VRBO and other short-term rental firms will need to obtain a special “platform license” to facilitate bookings in Seattle.

Along with adding inventory for more of Seattle’s long-term residents, the new regulations are expected to generate up to $7 million annually in revenue.

Airbnb worked with the council to develop the regulations. A company official described the new requirements as “a model regulatory framework” that will enable hosts to “continue to share their homes and earn extra money.”

REALTORS® in King County honor 12 for special achievements during 2017

Eleven individuals and one organization were singled out for special honors at the 2017 Installation & Awards Banquet of the Seattle King County REALTORS® (SKCR). The event also featured the installation of the organization’s 2018 leaders, recognition of individuals from affiliated organizations, and a dessert auction to benefit a scholarship fund.

Held annually, this year’s event, held at The Museum of Flight, drew more than 200 participants. They included members, affiliates, and representatives from the group’s Council of Residential Specialists, Women’s Council of REALTORS®, and Young Professionals Network (YPN).

SKCR’s highest honor, the Realtor of the Year award, went to **Sam DeBord**, managing broker of Coldwell Banker Danforth in Seattle and a leader of Realtor associations at the local, state and national levels.

Other 2017 recipients of SKCR awards include (*listed alphabetically by award name*):

Affiliate of the Year .... **Keith Pitsch**,
Absolute Mortgage, Bellevue

Community Service Award (2 honorees) .... **Paul McLaughlin**,
John L. Scott, Seattle
Cindy Silverstein,
Windermere Real Estate/East, Bellevue

Government Affairs Volunteer of the Year .... **Eddie Chang**,
Realogics Sotheby’s International Realty, Kirkland

Instructor of the Year .... **Pili Meyer**,
Coldwell Banker Uptown Realty, Port Angeles

Leader of the PAC .... **Beverly Read**,
Windermere Real Estate Northlake, Lake Forest Park

Media of the Year .... "Region of Boom" team,
KUOW Puget Sound Public Radio, Seattle

REALTOR® Achievement .... **Trish Englund,**
Windermere Real Estate Midtown, Seattle

REALTOR® Excellence Award .... **Debbie Rippeteau**,
Real Living Northwest, Bothell

REALTOR® President's Special Recognition .... **Russell Hokanson**,
(2 recipients) .... Seattle King County Realtors, Bellevue
Valerie Taylor,
Seattle King County Realtors, Bellevue

In honoring **Sam DeBord** as the association's Realtor of the Year, 2016 president Patti Hill noted his "unprecedented level of involvement during 2017." Along with serving as SKCR's 2017 president, he chaired the Washington REALTOR Legislative Steering Committee and was a leader on the nationwide "MLS of Choice," initiative, a broker-backed policy change to allow brokers to choose a preferred MLS, rather than be required to join numerous providers of multiple listing services. DeBord, a frequent contributor to industry publications, was also applauded as a thought leader, recognized in part by his designation as a "top 20 social influencer" on the widely regarded rankings by trends analyst Stefan Swanepoel.

Keith Pitsch, sales manager and senior mortgage advisor at Absolute Mortgage, a division of Finance of America Mortgage, Inc., in Bellevue, was honored for his role in building strategic connections between Realtors and affiliated service providers. Pitsch served as 2017 chair of the association's Affiliate Council and chaired its charity golf tournament for a second year. He also sponsored a number of free educational seminars for Realtors.

Two Realtors were honored for their community service: **Paul McLaughlin** and **Cindy Silverstein**.

McLaughlin, a managing broker at John L. Scott's Seattle Northeast office, is co-founder and board member of Living Life Larger for Others, a nonprofit that promotes the importance of volunteering and raises funds for worthy causes. He is credited with helping raise thousands of dollars for OSL (Operation Sack Lunch) Serves, a nonprofit that provides free meals to the hungry, and PAWS, an animal shelter and wildlife rehabilitation center. Additionally, this avid musician serves on the board of Children's Hospital Imagine Guild and Taps for Veterans, which provides a live bugler at veterans' memorial services.

Broker **Cindy Silverstein**, with Windermere Real Estate/East in Bellevue, is a co-founder of the “Lunch for the Break” program, a community effort to fill the gap left by school luncheons during long school breaks. Since its beginning at one elementary school, the grassroots effort now serves the entire Issaquah School District, providing meals to 450 families when school is not in session. Silverstein has expanded on the theme, launching “Books for the Break,” which includes gifts of books with the food boxes for student enjoyment during school breaks. Her other community activities includes board service with other nonprofits.

Government Affairs Volunteer of the Year **Eddie Chang** was honored for his service on the association’s Governmental & Public Affairs Committee and its various priorities. He volunteers as a state legislative key contact and as a panelist on candidate endorsement interviews. Chang, a Washington Realtors state director and SKCR board member, was also cited for his support of the group’s RPAC wine auction, and his efforts to improve real estate signage in the City of Medina.

Award-winning instructor **Pili Meyer** added another honor to her collection with her recognition as Realtor Instructor of the Year. In addition to teaching numerous courses for professional designations and on other topics, she works as an associate broker at Coldwell Banker Uptown Realty in Port Angeles. During a career that spans more than three decades, she has also been an active volunteer with Washington Realtors (including service as president in 2002) and with the national association. She’s been tapped to serve as the NAR President’s Liaison to the Czech Republic in 2018.

Beverly Read, a Seniors Real Estate Specialist at Windermere Real Estate Northlake, received the Leader of the PAC award for her commitment to the Realtors’ Political Action Committee and Realtor Party. Read, named a multiple-year “Five Star Agent” by Seattle Magazine, has earned several professional designations and recognition for her advocacy for clients, peers, and the industry. In 2016 she became the 21st Realtor from Washington state to be inducted into NAR’s Hall of Fame.

Media of the Year honors went to the “Region of Boom” team at **KUOW** for the station’s series of comprehensive reports on growth and housing affordability.

KUOW .ORG 94.9

This year's Realtor Achievement Award recipient was **Trish Englund**, an active member of the SKCR Young Professionals Network and several association committees. She currently serves as vice president of business practices for SKCR and as a director of Washington Realtors. Englund, a broker at Windermere Real Estate Midtown in Seattle, also served as 2017 chair of the First Citizen Event Planning Committee and as a volunteer with several charitable organizations.

Debbie Rippeteau received a Realtor Excellence award for her leadership with the association at both the local and state levels. She served as the 2010 and 2011 president of the Women's Council of Realtors, Seattle Metro Council, and as president of the state chapter in 2014. The former banker and title and escrow manager is a broker at Real Living Northwest in Bothell.

Two members of the SKCR staff were singled out by the 2017 president for special recognition. CEO **Russell Hokanson** was honored for being "the steady hand who keeps leadership on track even during difficult times." DeBord also credited Hokanson for his management expertise and style that helps foster "a drama-free environment that's efficient and productive."

Val Taylor, director of membership and communications at SKCR, was recognized for her steady hand in managing association events, "sometimes through unforeseen logistical issues." In recognizing her, DeBord commented that those on the outside were probably unaware of the hurdles she had to overcome to make SKCR's public facing events run smoothly. "That's a testament to her skills as the consummate business professional," he noted.

As part of the evening's festivities, installing officer OB Jacobi, president and owner of Windermere Real Estate, swore in next year's leadership teams for SKCR's Board of Directors, the Women's Council of Realtors, (Seattle Metro and South King County chapters), the Young Professionals Network (YPN), and the Washington Chapter of the Residential Real Estate Council (formerly called Council of Residential Specialists.)

Banquet attendees also participated in a raffle and dessert auction raising more than $8,000 to support the Seattle First Citizen Scholarship Foundation. The foundation awards annual scholarships to association members, affiliates and their family members based on good citizenship and involvement in community service.

About the Seattle King County REALTORS®

The Seattle King County Realtors® is a nonprofit professional trade association whose goals include promoting ethical business practices and supporting policies that preserve and expand real property rights *and housing affordability. Based in Bellevue, SKCR has around 7,000 members and is a local board of the National Association of Realtors®. The term Realtor® is a registered collective membership mark that identifies a real estate professional who is a member of the National Association of Realtors® and subscribes to its strict Code of Ethics.*

Several companies supported the 2017 awards and installation event:

Event Sponsors:

- **Platinum:** Fairway Independent Mortgage Corporation
- **Gold**: eXp Realty; First Tech Federal Credit Union; Helsell Fetterman; Keller Williams Realty, South Whidbey; and Old Republic Title
- **Silver:** Commission Express of Western Washington; CW Title and Escrow; Pillar to Post Home Inspectors;
- **Bronze:** Banner Bank

Annual Affiliate Partners:

- **Ruby:** WIN Home Inspection
- **Sapphire Affiliate Partners:** Absolute Mortgage | Pitsch Mortgage Team; Chicago Title of Washington; Peoples Bank; Tehaleh; Wells Fargo Home Mortgage

Photos – 2017 Award Recipients, Seattle King County Installation & Awards Banquet held December 6, 2017 at The Museum of Flight

News In Brief

- **Households in the Seattle-Tacoma-Bellevue metropolitan area of Washington state spent an average of 33.4 percent more than the average U.S. household, a new federal study found.** The study, conducted over the past two years for the U.S. Bureau of Labor Statistics, found that the average household in the Seattle metropolitan area spent $74,723 per year, significantly more than the $56,648 average expenditure level for households in the United States. The study also found that annual household income in the Seattle area averages $104,475 - which is also considerably higher than the national average of $72,156. Housing is the largest expenditure category for Seattle-area households, the research showed, averaging $24,993 per year - about a third of the area's average household budget. Seattle-area households spent 13.4 percent of their budgets on transportation, significantly lower than the national average of 16.4 percent. Of the $9,997 in annual transportation expenditures in Seattle, 87.6 percent was spent buying and maintaining private vehicles, compared to the national average of 93.1 percent. The portion of a Seattle household's budget spent on food, 13.6 percent, was not significantly different from the 12.6-percent U.S. average. Seattle-area households spent 58.3 percent of their food dollars on food at home and 41.7 percent on food away from home. Interestingly, the study found that Seattle households spend only about 0.3 percent of their budget on tobacco products and smoking supplies - about half the national average. But Seattleites spend about the same percentage of their income on alcohol as the rest of the country - about 1 percent of the total household budget. Data in the study is from the Consumer Expenditure Survey, which the U.S. Census Bureau conducts for the U.S. Bureau of Labor Statistics. The data in the study were averaged over a two-year period, 2015 and 2016.

- **On Dec. 7, 2017, the Department of Housing and Urban Development (HUD) announced that HUD will no longer insure mortgages encumbered with a Property Assessed Clean Energy (PACE) assessment.** This reversal of HUD policy is a victory for the National Association of REALTORS® whose members sounded concern that PACE liens would take a first-lien position over FHA in instances of default or foreclosure, undermining the government's collateral position and disrupting the secured lending process. The new prohibition on PACE liens goes into effect for FHA case numbers issued 30 days from the announcement. Mortgages with PACE liens previously insured by FHA will not be adversely affected. 2018 NAR President Elizabeth Mendenhall issued the following statement on behalf of NAR: "FHA's PACE announcement is a smart step that will protect taxpayers and strengthen the overall program for homebuyers. NAR supports voluntary, incentive-based programs that encourage owners to make their homes more energy efficient, but not at the expense of FHA or the strength of their portfolio. NAR pushed hard for this change and we applaud FHA's attention to the issue."
- **The Federal Reserve is raising its key interest rate for the third time this year and foresees three additional hikes in 2018,** a vote of confidence that the U.S. economy remains on solid footing 8½ years after the end of the Great Recession. The Fed said last month that it's lifting its short-term rate by a modest quarter-point to a still-low range of 1.25 percent to 1.5 percent. It is also continuing to slowly shrink its bond portfolio. Together, the two steps could lead over time to higher loan rates for consumers and businesses and slightly better returns for savers.
- **According to 24/7 Wall Street (via USA Today), seven out of the top 25 US metro areas that significantly added jobs in 2017 are in Washington state.** And no, Seattle is not on the list. 24/7 Wall Street calculated the change in employment in the nation's major metro areas between January and October 2017. One trend sticks out among the cities on the list — the greatest increase in available jobs occurred in the mining, logging, and construction sector. Those industries added the most jobs. The following list shows the employment change in the city or region:
    - 1. Bellingham: 5.5 percent increase
    - 4. Mount Vernon – Anacortes: 5 percent increase

- 10. Spokane Valley – 4.6 percent increase
- 12. Longview: 4.5 percent increase
- 13. Olympia – Tumwater: 4.4 percent increase
- 18. Bremerton – Silverdale: 3.9 percent increase
- 19. Portland, Vancouver, Hillsboro, Ore / Wash.: 3.8 percent increase

Bellingham tops the list for adding the most jobs in the country, according to the report. No Washington cities appeared on the list of areas losing the most jobs.

- **Seattle drivers who complain about their fellow Washington state road warriors may be surprised to learn we're not the most terrible drivers in the U.S., but we're trending that way as reported in *The Seattle Times.*** Our state moved up four positions, from ninth to fifth worst, according to an analysis of Federal Highway Administration data on road accidents, fatalities, DUIs and other traffic incidents by QuoteWizard. The study reviewed year-over-year data through October. The results of the study by the Seattle-based insurance comparison marketplace, released Thursday, gave a fairly dim view of drivers across the country, showing a 14 percent increase in car-related deaths since 2015. The cause? Americans are simply spending more time on the road, and still texting and talking while driving, the study found. Who's the worst? Well, it's our friends to the south in California, which has five of the 10 worst-driver cities and jumped from second place to first this year over last because of an increase in DUIs and traffic citations. The study says Washington's accident rate leaped from 33rd worst all the way to 14th over the same period last year. Here are the rankings of the nation's five worst driving states for 2017, from worst to best:
    - California
    - Minnesota
    - Utah
    - South Carolina
    - Washington

On the other hand, these are the five best driving states for 2017:

- Rhode Island
- Florida
- Mississippi
- Michigan
- Arkansas

- **Massachusetts is the healthiest state in the nation, according to a new report from the United Health Foundation that looks at the healthy and not-so-healthy habits of people across the**

United States. The 2017 annual report looks at 35 different factors affecting people's health including rates of smoking, obesity, physical inactivity, low birth weight, drug deaths, environmental conditions like air pollution, and the number of doctors, dentists, and mental health providers per 100,000 people in their state. Overall, the report reveals the nation is facing serious public health challenges, including rising rates of premature deaths and an uneven distribution of health care providers.

The top 10 healthiest states:

- Massachusetts
- Hawaii
- Vermont
- Utah
- Connecticut
- Minnesota
- Colorado
- New Hampshire
- Washington
- New York

The 10 least healthy states:

- Mississippi
- Louisiana
- Arkansas
- Alabama
- West Virginia
- Tennessee
- South Carolina
- Oklahoma
- Kentucky
- Georgia

Calendar of Events through February 6, 2018

Dates	Event	Time	Location	Contact
		SEATTLE—*King County* REALTORS®		
1/10/18	Board of Directors	9:30 am – 12:30 pm	SKCR	425-974-1013
1/15/18	Holiday – Office Closed			
1/17/18	WR Committees	All Day	Hotel RL Olympia	
1/18/18	Hill Day	All Day	Hotel RL Olympia	
2/6/18	Gov't Affairs Committee	10:30 am – 1:30 pm	SKCR	425-974-1011
		For updates visit: **www.nwrealtor.com** and click "events"		