

700 workforce homes planned near transit centers



(Speaking) Dow Constantine, King County Executive and Sound Transit Board Chair



Northgate Station

Up to 700 units of affordable workforce housing would be built near transit stations in King County as part of an initiative announced in late September by King County Executive Dow Constantine. A trio of mechanisms would fund development of the mixed-use, mixed-income communities.

“Light rail has the power to transform communities. With this vision we can be deliberate about creating vibrant, walkable, economically diverse neighborhoods around new and existing stations,” said Constantine, who serves as Sound Transit Board Chair. “Using funding tools authorized by the Legislature, we can create at least 700 units of permanently affordable workforce housing to help meet the regional need, while catalyzing market-rate residential and commercial development near rail stations.”

The Executive’s **Transit Station Housing and Development Initiative** calls for creation of Transit-Oriented Developments, or TODs, that include housing, shopping, schools, and job centers. It would be funded in three ways:

King County Housing Bonds – As much as \$45 million over the next six years would be generated under new authority from the Legislature to use anticipated lodging tax revenue sooner than

expected. The final amount will be determined in collaboration with stakeholders and the county council. The revenue will fund creation or preservation of at least 500 units of affordable workforce housing in healthy and sustainable transit-oriented communities.

REDI Fund – At least \$18 million is currently pledged to a new revolving loan fund called the Regional Equitable Development Initiative. REDI funds will enable the purchase of land and buildings for construction or preservation of 200 units of workforce and mixed-income housing over the next five years. The REDI Fund will be administered by the non-profit Enterprise Community Partners.

Sound Transit 3 (ST3) ballot measure – Legislators who authorized ST to go to the voters for expansion of light rail added a workforce housing fund for creation of housing near light rail stations. Subject to voter approval, it provides authority to contribute an additional \$20 million over four years to a revolving loan fund, like the REDI fund. (A public vote is anticipated in November 2016.) The agency has authority to institute three different taxes to fund Sound Transit 3: a property tax of 25 cent per \$1,000 dollars of assessed value of property within its taxing district, an additional 0.5% in sales tax, and a motor vehicle excise tax (MVET) of 0.8% of the vehicle value annually.

During a news conference at Northgate Station to unveil the plan, officials from the public and private sectors praised the undertaking.

"Our expanding rail network is opening up so many opportunities to align housing and job centers with transit stations," said Greg Johnson, president of Wright Runstad & Company. "I was excited to learn that King County is taking a leadership role in helping to realize these opportunities."

"As a non-profit developer of affordable housing, I applaud the county executive for combining these potent resources to enable equitable development near light rail lines," said Bill Rumpf, president of Mercy Housing Northwest, which breaks ground in December on housing for 108 lower-wage working families on an ST site next to Othello Station.

"Sound Transit's commitment to make more land available near light rail for affordable and workforce housing will enable us to build much more housing for families to get to work, school and play," added Rumpf.

"The State is proud to be a partner in this new regional TOD initiative," said State Rep. Jessyn Farrell, who authored the amendment to create the workforce housing fund in ST3. "Working together at the state, regional, and local level, we can help catalyze developments to maximize our investment in regional light rail."

In the next eight years Sound Transit is on track to build more than 30 miles of light rail extensions approved by voters under ST2. As the system expands and stations are completed, the executive has led board action to direct that surplus land be freed up for community-building opportunities radiating outward from the stations.

"Rents and housing prices are rising faster than wages all over King County," said King County Councilmember Dave Upthegrove, chair of the Council's Health, Housing and Human Services Committee. "I look forward to working with the Executive to build more housing as quickly as possible to help alleviate this housing crisis for King County's working families."

Also attending the unveiling was Devin Culbertson, Program Director for Transit-Oriented Development at Enterprise Community Partners. "Thoughtful site selection is the cornerstone of creating affordable, connected communities," he remarked. "Sound Transit dispositions and REDI Fund acquisitions can together create a pipeline of opportunities to efficiently provide hundreds of homes to those at risk of being priced out of the region's transit-rich neighborhoods."

Since its formation in 1982 [Enterprise](#) has worked to create opportunity for low- and moderate-income people through affordable housing in diverse, thriving communities. Headquartered in Columbia, Maryland, it offers a range of financial products and programs to improve and increase the supply of affordable housing as well as revitalize communities.

Under the Regional Housing Initiative, Sound Transit will ramp up its work "to make station areas vibrant and thriving places where people of all walks of life will live, work and play." The agency will kick-off a four-

month effort to engage stakeholders and develop recommendations for the Sound Transit Board. Other near-term elements include a listening tour, workshops and a summit early next year.

Photos courtesy of Sound Transit

Housing market slowdown expected, but prices in most areas are still rising

KIRKLAND, Washington (October 5, 2015) – Scarce inventory, new rules for mortgage closings and affordability concerns will likely slow home sales around Western Washington during the remaining months of 2015 and into early 2016, according to spokespersons from Northwest Multiple Listing Service.

The latest statistics from the MLS show a double-digit drop in inventory, a double-digit jump in closed sales, and a near double-digit increase in prices from a year ago, prompting one industry leader to say the trends aren't sustainable. "We simply can't sustain double-digit increases in sales when inventory levels continue to drop every month," remarked OB Jacobi, president of Windermere Real Estate. "We're on the cusp of a housing market slowdown," he predicts.

Northwest MLS director Darin Stenvers also expects a slowdown, pointing to new rules for mortgage closings and rising interest rates as culprits.

"With the introduction of the new TRID¹ banking and closing disclosure requirements we will see longer closing timeframes for the foreseeable future. This will lead to a slowdown in closings and thus may slow the market until early or mid-2016," explained Stenvers, the office managing broker at John L. Scott in Bellingham. Layoffs and the possibility of higher interest rates result in unpredictability for both buyers and sellers, he suggested.

Despite an expected slowdown, closed sales through the first nine months of this year are running 16.6 percent ahead of the same period a year ago, with median prices up 9.2 percent.

The MLS report for September shows pending sales continue to outnumber new listings, resulting in inventory declines in most of the 23 counties in its service area. That imbalance leads to rising prices.

Northwest MLS members reported 9,574 pending sales (mutually accepted offers) in September for a 7.9 percent increase from the year-ago figure of 8,875. Compared to August, pending sales fell 9.7 percent.

Closed sales jumped 17.5 percent, with year-over-year sales rising from 7,020 finished transactions to 8,245. Twenty of the 23 counties reported double-digit gains from a year ago.

Prices showed more variation. Area-wide, the median price on last month's closed sales of single family homes and condos was \$312,000. That's up nearly 9.5 percent from the year-ago figure of \$285,000, but down slightly from August.

Compared to the system-wide gain, prices rose at more modest rates in three of the four counties in the Puget Sound region, with Pierce County being the exception. Year-over-year prices there jumped 11

percent. Prices in Kitsap County were up only 4 percent from a year ago; in King County the gain was about 4.8 percent and in Snohomish County it was about 7.5 percent.

Single family home prices across the 23 counties in the MLS report rose nearly 7.6 percent from a year ago, from \$297,500 to \$320,000. Single family homes in King County commanded the highest median price at \$490,250, up 6.6 percent from the year-ago figure of \$460,000, but down from June's high of \$500,000.

The condo market remained hot with both sales and prices up by double digits. Members reported 1,183 closed sales during September for a gain of nearly 30 percent from a year ago. Prices on last month's sales jumped 13 percent, from \$230,000 to \$260,000.

"We're coming off one of the hottest summer housing markets on record, and the second-best September on record for sales activity in the four-county area," said J. Lennox Scott, chairman and CEO of John L. Scott. He attributes part of the surge to an interest rates drop in May, and the anticipation of rates increasing in the near future.

Dwindling inventory continues to be a drag on activity, but some brokers believe new construction activity is encouraging. Stenvers said new housing starts could help boost inventory in many markets during the coming months.

For now, new listings are drawing "quick action" when they come on the market, said Scott, adding, "We are virtually sold out of inventory."

MLS members added 8,772 new listings during September, down slightly from the year ago total of 8,878. At month end, there were 19,724 active listings in the database, down 23.3 percent from the same time a year ago when inventory totaled 25,717 properties.

"We're selling everything before buyers can turn around," commented Dick Beeson, principal managing broker at RE/MAX Professionals in Tacoma and a member of the Northwest MLS board of directors. Figures showing the ratio of listings to sales, known as months of supply, tend to support his belief.

For September, the MLS reported 2.39 months of supply system-wide, about the same as the figure for August. The shortages were most acute in King County, with about 1.4 months of supply, and Snohomish County, with about 1.9 months of supply. Industry experts use a range of four-to-six months as an indicator of a balanced market.

"The frenzied market on the Seattle side is taking a toll on Kitsap home prices," said MLS chairman Frank Wilson, the branch managing broker at John L. Scott in Poulsbo. Prices there rose 4 percent from a year ago. He reported good traffic at open houses in Kitsap County, quick acting buyers when a new listing appears, many multiple offer situations, and an increase in investor interest.

"Since new listings coming to market usually slow during the fourth quarter, we are looking at a severe shortage of inventory heading in to the spring market of 2016," Wilson remarked. Like others on the MLS

board, he said serious buyers need to be prepared to take immediate action when they find a home they like.

“In preparation, buyers need to meet with a lender, find an inspector, check with their insurance agent, and get their financial house in order so they can move aggressively,” Wilson advised.

Scott said house-hunters who procrastinate may be disappointed. “If you’re looking for a home this winter, the number of listings coming on the market each month will drop approximately 50 percent every 30 days compared to spring and summer months,” he predicts.

Brokers say opportunities still exist for buyers who have missed out on homes during multiple offer situations.

Some buyers who are weary of bidding wars are looking in areas where multiple offers are less common, said MLS director George Moorhead. Also, buyers who consider homes that have been on the market more than 120 days are negotiating much better terms without the competition of other buyers,” he reported.

Scott also recommended alternatives for frustrated buyers. “There are still opportunities to take advantage of low interest rates by taking a second look at homes that have been on the market for more than a month. If you don’t mind doing some fix up, you can negotiate the price and avoid multiple offer scenarios,” he stated.

Beeson suggested inventory shortages could be eased if expired listings are re-listed. Not every home sells once it’s listed, he noted. His analysis shows more than 2,600 listings have expired in the tri-county area so far this year. “These are sellers who need coaching on pricing,” he believes.

Even though they’ll face longer commutes, Moorhead said buyers who are feeling squeezed by the lack of inventory are extending their search areas farther than before in hopes of finding a home at an affordable price. These buyers hope to sell the home in the outlying area within five years and purchase another home closer in. “This calculated move hasn’t really been a conversation in the past,” said Moorhead, the designated broker and owner at Bentley Properties in Bothell.

Bobbie Chipman, principal managing broker at John L. Scott’s Puyallup office, said statistics strongly indicate buyers must be strategic in the current market in order to be successful. “If buyers have a home to sell in order to purchase, they should consider selling, then prepare to live in temporary housing while looking for the right home to purchase,” she suggested.

Buyers without a home to sell may be better positioned to have their offer accepted, believes Chipman, a member of the Northwest MLS board of directors. “These buyers should look at both active status listings and contingent listings to expand their choices,” she explained.

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

¹TRID is the TILA RESPA Integrated Disclosure rule that became effective 10/3/15. New forms are required for any transaction involving a mortgage.

See: [TRID](http://www.consumerfinance.gov/regulatory-implementation/tila-respa/), <http://www.consumerfinance.gov/regulatory-implementation/tila-respa/>

Statistical Summary by Counties: Market Activity Summary – September 2015**

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	3,411	4,257	3,602	3,079	\$548,640	\$440,000	1.38	2.27
Snohomish	1,335	2,425	1,501	1,290	\$361,502	\$333,375	1.88	2.83
Pierce	1,408	3,135	1,592	1,284	\$276,893	\$249,925	2.44	3.67
Kitsap	407	977	484	391	\$302,811	\$260,000	2.50	4.09
Mason	111	524	113	119	\$198,402	\$170,000	4.40	6.37
Skagit	196	616	199	190	\$299,182	\$275,000	3.24	4.49
Grays Harbor	124	625	112	108	\$141,608	\$134,750	5.79	7.60
Lewis	93	531	132	103	\$172,322	\$159,000	5.16	7.92
Cowlitz	129	385	157	130	\$192,790	\$178,950	2.96	4.96
Grant	83	470	83	87	\$192,178	\$167,500	5.40	8.36
Thurston	402	1,085	490	404	\$266,420	\$251,500	2.69	3.76
San Juan	40	399	30	33	\$543,242	\$385,000	12.09	16.92
Island	182	570	168	176	\$339,921	\$291,500	3.24	4.42
Kittitas	62	412	82	102	\$255,562	\$202,375	4.04	9.17
Jefferson	65	319	81	77	\$317,685	\$285,000	4.14	8.46
Okanogan	49	444	36	41	\$223,091	\$210,000	10.83	21.75
Whatcom	317	1,144	357	328	\$301,189	\$275,000	3.49	5.23
Clark	48	103	48	46	\$262,255	\$242,500	2.24	3.80
Pacific	54	299	67	49	\$176,031	\$160,000	6.10	11.41
Ferry	10	64	4	2	\$298,050	\$298,050	32.00	83.00
Clallam	62	282	92	67	\$251,808	\$215,000	4.21	7.74
Chelan	100	340	70	66	\$340,853	\$297,474	5.15	6.91
Douglas	45	121	43	39	\$239,003	\$225,000	3.10	6.21
Others	39	197	31	34	\$177,104	\$154,400	5.79	7.72
MLS TOTAL	8,772	19,724	9,574	8,245	\$388,679	\$312,000	2.39	3.66

****Please note:** 1) Starting January 2015, statistics for Chelan and Douglas counties appear on separate lines, instead of being part of the "Others" data. 2) Months of inventory are calculated using active listings/closed sales.

Tables continue on following 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			


Confused about condo financing?

Despite limited inventory, Northwest Multiple Listing Service brokers report more condo sales than a year ago. The robust activity is prompting more inquiries about financing options and requirements, according to Jeff Tisdale, senior loan officer at Primary Residential Mortgage, Inc.

To help brokers sift through the maze, Tisdale compiled a quick-reference guide for readers of Northwest REporter. “Hopefully, this will calm any aversions to condos and make it easier to move them through the process,” the industry veteran commented.

For FHA financing, condos need to be FHA approved. Brokers can find a tool on a [HUD site](#) to search for FHA-approved condos by location, name or status. Drop down menus and entry fields enable narrowing searches to specific types of projects. Detailed help is available online or by clicking on a link to connect with an administrator.

VA-approved condos are also easy to uncover with a similar search tool at a [VA portal](#). Just follow the prompts to generate a list. For example, a recent search unveiled 2,246 approved condos statewide that are registered with the VA’s Seattle office. The search can be refined by entering a county name (e.g., of that total, 186 are in Pierce County), or other criteria. By clicking on the condo name, details about the dwelling are revealed.

Tisdale said conventional financing is “slightly more involved” as it depends on whether it is a full lender review or a limited review based on credit risk assessments and approvals using Fannie Mae’s DU (Desktop Underwriter®) or Freddie Mac’s LP (Loan Prospector®).

“Limited reviews obviously have less documentation/requirements, but the majority of time I come across full reviews,” Tisdale stated.

Depending on whether the subject property will be owner occupied or an investment, it may be subject to occupancy thresholds.

Agency guidelines typically require 10 percent of a homeowner association’s total annual budgeted assessment income to be allocated toward reserves. If the HOA fails to allocate 10 percent of the budget to reserves, then it must supply a Reserve Study. Failure to do so poses problems, Tisdale emphasized.

Tisdale outlined six basic requirements associated with a Full Lender Review:

- Fully completed Condo Questionnaire.
- Full Appraisal– if the AUS allows for an appraisal waiver, alternative documentation must be provided to verify all condo warranty requirements.
- Most recent audited financial statements or proposed annual budget.
- Ground lease if applicable.
- Project CC&Rs, Public Offering Plan or equivalent and all amendments when applicable.
- Master Insurance Policies from the HOA.

Tisdale – www.jefftisdale.com - is licensed in both Washington and Arizona. During his career, which dates to 1987, he has closed more than 3,300 transactions valued at nearly \$1 billion in home loans, earning him recognition as one of the nation’s top producers.

400 attend housing summit to take fresh look at housing and transportation needs



“You should be building homes, not processing paper,” King County Executive Dow Constantine told the audience during a presentation at the 2015 Housing Summit. The event, which focused on meeting housing targets through investments in transportation, was a presentation of the Master Builders Association of King and Snohomish Counties.

Joining the county executive as speakers were Josh Brown, executive director of the Puget Sound Regional Council; Matthew Gardner, Windermere chief economist, and five panelists. Shannon Affholter, executive director of the builder association, served as moderator.

To open the discussion, County Executive Constantine highlighted some of his office’s reforms to the permitting process (including renaming the agency that oversees the permitting process). In doing so, he stated the process should not unnecessarily add to the cost of a home.

By year's end, he said builders will be able to use an online application, pay fees with a credit card, and know which inspector is assigned to their project. He expects the county's Department of Permitting & Environmental Review will join 15 other jurisdictions as users of MyBuildingPermit.com, a one-stop, easy-to-use portal for checking the status of permits.

Noting changes in his own West Seattle neighborhood's demographics, the county executive commended builders to respond to the demand for different housing products. By concentrating job growth within the urban boundaries and in cities, and "filling in and building up," he believes planners can better protect forests and farmlands.

"The key is infrastructure investments," emphasized Constantine, who also chairs the Sound Transit Board.

Noting we can't dwell on the past, the county executive nevertheless lamented the failure to build light rail with federal dollars.

"We haven't kept up with the need to move people." Unlike driving, light rail offers certainty and greater capacity, he stressed, underscoring his point with the statistic that a four-car passenger train with one driver can carry 800 people. The forthcoming addition of 30 miles of rail will help alleviate congestion by removing both car and bus trips from the highways, he added.

Transit centers offer a big opportunity for housing, he told the audience. Transit-oriented developments (TODs) can offer a mix of buildings in walkable neighborhoods with easy access to public transit. He mentioned Auburn and Burien as areas that are being transformed by TODs.

Constantine urged builders in the audience to provide a range of housing choices to serve a million new residents and shifting demographics. "We have to get people and freight moving again and protect the things that brought us here in the first place."

Picking up on that theme was Josh Brown, executive director of the Puget Sound Regional Council, which develops policies and coordinates decisions about regional growth and transportation planning in King, Pierce, Snohomish and Kitsap counties.

Brown, a former Kitsap County Commissioner and commercial real estate broker, discussed findings from recent studies undertaken by PSRC, and current efforts to integrate the region's transit agencies in order to provide a higher performing system. He also highlighted elements of both recently approved and forthcoming transportation funding packages for various modes of transportation, including roads, ferries, transit and trails.

Not surprisingly, transportation is a big concern for local residents, with 47 percent citing it as the most important problem facing the region, according to a recent survey. "Everything else is in single digits," Brown reported.

Housing affordability and commute times are priorities—and a challenge—given the region's robust job growth. Nearly eight of every 10 survey respondents say congestion is a serious or critical problem.

In its [VISION 2040](#) report, PSRC concluded a variety of home choices is an imperative. “The region’s supply of homes should serve all economic segments of the population. It should provide residences that are safe and healthy, attractive, and close to jobs, shopping, and other amenities,” the report states.

Many of the region’s more affordable homes are not close to job centers, Brown reminded the audience.

The PSRC leader said jurisdictions will need to work proactively to increase the supply of homes.

As stated in the VISION 2040 report, “Housing needs addressed in local plans must be coordinated with land use, transportation, capital facilities and economic development. This is key for addressing better connections between where jobs and residences are located, including workforce homes.” New approaches for increasing the supply of housing should be considered, and approval processes may need to be revised to better facilitate the production of new units, the authors added.

On the transportation front, VISION 2040 provides a framework for long-range transportation planning in the region by integrating planning for freight, ferries, roads, transit, bicycling, and walking. Brown showed maps and graphs to illustrate the priority for transportation investments that serve centers and compact urban communities.

Economist Matthew Gardner from Windermere Real Estate discussed the region’s job recovery (“in full swing”) and the implications for housing. In referencing King County’s Buildable Lands Report, Gardner said he “has issues with it,” noting some of them.

To frame his remarks, Gardner outlined some key facts:

- Lot supply is getting constrained; (some production builders who once built 2,000-3,000 homes are now doing five- and six-home short plats);
- Finished lot values have risen by 51% over the past five years.
- Housing affordability has become an issue again.
- We are creating bedroom communities (people live where they can afford to live)
- Commute times continue to rise (ours is 7th worst in the U.S.)

“All forecasts show an economy which should continue to expand for the foreseeable future,” Gardner said, adding such growth will generate substantial demand for housing.

During his presentation, Gardner, the co-chair of the Research Committee for the Washington Center for Real Estate Research, also discussed migration patterns, permit activity, housing affordability, and the ratios of home prices and incomes.

People here are being priced out of homeownership and becoming renters, he suggested, adding, “Builders of apartments are doing a happy dance now.” Gardner also noted, “It’s never been affordable for first-time buyers in King County. “

The economist acknowledged some improvements in transit, but said “we’re not there yet.” He also noted the irony of “urban containment” policies that are designed to prevent sprawl but may actually be accelerating it.

While there are no easy solutions, Gardner advocated changing the way supply is assessed, reevaluating zoning, and continuing to grow mass transit while also recognizing many residents have never used a bus, and never intend to. He called the Growth Management Act an “important, but outdated tool.”

“There are still a lot of unaddressed issues,” Gardner said in summarizing, adding, “They are solvable, but we are perhaps paying too much attention to certain sections.”

To conclude the summit, the MBA assembled a panel to discuss how transportation investments could help facilitate growth and meet housing needs, the impacts of concurrency on projects, and how transportation influences homebuyers’ decision making.

Panelists included Suzette Cooke, mayor of Kent, Edward Koltonowski, president of Gibson Traffic Consultants, Inc.; Peter Orser, director of the Runstad Center for Real Estate Studies at the University of Washington; Judy Clibborn, State Representative from the 41st District and chair of the House Transportation Committee; and Gloria Hirashima, chief administrative officer with the City of Marysville.

Asked if she had advice for homebuilders, Mayor Cooke urged them to “look at the whole picture,” noting transportation investments in both “spines and nodes” of activity. People want a sense of neighborhood, a positive sense of place and a welcoming location, she reminded the audience. “Plan around future nodes of activity, not just what exists today. “

When moderator Shannon Affholter invited the audience to ask questions, one participant asked at what point growth in the Puget Sound region has outgrown GMA. “When it hits \$650,000 in King County,” replied Orser, referring to the median price of a home.

Panelists were also asked about flaws in the Buildable Lands report.

“We can’t manage our way through the explosive growth,” Orser answered. “We need to get honest with ourselves on concurrency and plan appropriately. Maybe it’s changing the line, maybe it’s infrastructure,” he suggested, drawing applause.

At the conclusion of the Summit, Affholter announced a new project and study the MBA was undertaking with partners in the planning community. The goal is to better understand and connect transportation and land supply issues. “If we can learn better how to make transportation support our housing needs here in the Puget Sound region, then we can grow better, smarter and build communities we can all be proud of.”

The Master Builders Association, with 2,800 members, is the nation’s largest local homebuilders association.

Built Green Conference 2015: Creativity and Data in Harmony



Which creative approaches can we employ to generate measurable results for the environment and our communities?



This question has many correct answers, and around 200 members of the green building community—builders, realtors, suppliers, consultants, and policy makers—gathered at the Built Green Conference on September 9 to pose their own thoughts and learn from others. The day kicked off with an engaging keynote and interview with Joe Whitworth, and then conference-goers filtered into smaller sessions that covered a gamut of topics—from Net Zero to Marketing to Millennials. In between, folks snacked, socialized, and networked in the midst of sponsor booths, collecting the usual

goodies and stamping their passports for prizes. The day ended with a lively awards ceremony and reception – complete with a dozen blushing winners and a band.

The opening remarks and keynote set the conference off in a thought-provoking manner. Joe Whitworth explained the concept of “Quantified Conservation,” a process that employs best practices to achieve environmental gains by having good situational awareness and establishing firm outcomes. His method leverages data and analytics to achieve measurable gain.

During the live interview, Joe was asked about the feasibility of employing this approach, how the market and environmental health both are intertwined and can be in opposition to each other, and how to spur needed policy changes. The questions were tough, but the answers were thoughtful, with Joe providing excellent explanations of his ideas and concrete examples of where they have been successfully employed. This discussion leads audience members to pose more questions of their own and to engage Joe in conversation later in the day.

The crowd dispersed for the following breakout sessions with this stimulating discussion on their minds, and later Joe signed books and answered questions one-on-one while attendees ate lunch and poured over their agendas to choose afternoon sessions.

There were four session tracks on the schedule: *Building*, *Policy*, *Measuring Success*, and *Creative Approaches*. Attendees visited the sessions that interested them the most and were also able to branch out and learn more about a topic they were less familiar with. Presentations covered green building on all scales – from the science of low emitting materials to the methodology of building sustainable communities like Capitol Hill’s EcoDistrict. There were hard facts on making net zero energy buildings pencil for builders and soft skills for marketing to millennials. We even got an update on the energy outcomes of zHome, a Built Green model project in Issaquah’s Highlands. It was fascinating to look at real performance data and see zHome functioning as designed.

There were also two case studies that attracted huge interest—Seattle’s very first Emerald Star project from Dwell Development and a project from Batt+Lear and VELOCPEDE architects that combined everything (even the kitchen sink!) into a Built Green, Passive House, Living Building, Feng Shui masterpiece of sustainability and experiential design.



The day was lively and long, full of good information and even better discussion. It ended on a high note with the Built Green Hammer and Pioneer Awards and the third annual Green Genius Awards. Developers, builders, and advocates for Built Green were rewarded for their amazing efforts and shook hands with Built Green’s newest manager, Leah Missik, and coordinator, Ellen Cole. The Green Genius Awards highlighted the real estate brokers and brokerages that are actively working to promote sustainable development and the transfer of knowledge from the builder to the buyer. Award winners

from Built Green and Green Genius include Dwell Development, Tom Balderston, Green Canopy Homes, Polygon Northwest Company, Ichijo USA, gProjects, PHC Construction, Triad Development, SRM Development, Housing Hope, Jay Miller of Keller Williams, Allie Howard of Redfin, Re/Max Metro Realty and Redfin.

All of the winners as well as the conference attendees, sponsors, and students who joined in at #BuiltGreen15 are working toward a more sustainable Pacific Northwest. The conference was able to showcase so many of the creative solutions and measurable results that impact our regional green building marketplace. It was such a great event—and next year is slated to be even better.

Have ideas for next year’s conference? Want to learn more about the winning people and projects? Email the Program Manager of Built Green, Leah Missik with your questions and ideas. See you next year!

Choosing perfect passwords

Computer hacking is (or should be) a concern to every computer user. According to MSN, hackers infiltrated online accounts of more than 100 million Americans in 2015. In July, a breach of government computer systems was reported, resulting in the theft of 21.5 million Social Security numbers and other sensitive information.

To help combat the pervasive problem, MSN recently published 12 tips for choosing the perfect password for online accounts. The authors say two key elements make for a safe password – “it should be easy to remember and hard to crack.”

Among the dos and don’ts:

- Use “passphrases,” such as abbreviating a sentence. For an example they shortened the phrase “I have two kids: Jack and Jill” as “lh2k:JaJ.”

- Avoid basing passwords on personal data like a pet's name, anniversary, car license number, or other easy-to-discover information.
- Don't form a password with fewer than six characters or one that matches a word in a dictionary, whether read forward, reversed, pluralized or with a mix of lower and upper case letters. "A hacking program (often called a 'cracker') can try the full set in less than one minute, according to MSN.
- An 8-digit alphanumeric will generate 645 trillion combinations as against 100 million for a number-only password.
- Consider using password management software for generating and storing strong passwords. (According to Top 10 Review, RoboForm Everywhere is 2015's top-rated software program; it retails for around \$10 for the first year subscription.)

View the complete set of [tips for creating a secure password](#).

REALTORS® to devote day of service at the historic Dunn Gardens

One of the Northwest's most historically significant gardens will be the beneficiary of an upcoming day of service by members of Seattle King County REALTORS®.

Several dozen Realtor volunteers will spend Friday, Oct. 16 at the [Dunn Gardens](#) in Seattle. Under the supervision of the heads groundskeeper, master gardeners and docents, the Realtors will help clear, clean and maintain the historic character of the 100-year-old "hidden gem."

The upcoming work party marks the ninth year of [The REALTORS® Environmental Council](#) (TREC) project, a combined educational/volunteer initiative. The volunteers' tasks at the 8-acre garden will include clearing invasive plants from the ravine, pool area and northwest boundary, and cleaning up the east border. As a final project, they will plant native species of plants.

"This project will greatly assist the garden staff in maintaining our historic character," said Beth Weir, executive director at Dunn Gardens. Located in Seattle's Broadview neighborhood, the former "country getaway" for a prominent Seattle family reflects a love of plants and the ideals of the esteemed Olmsted Brothers Landscape firm that designed Dunn Gardens in 1915.

In past years—and regardless of weather conditions—volunteers ranging in age from 8 to 87 have cleared non-native blackberries and other invasive vegetation, planted native trees and shrubs, and spread mulch at parks and open spaces around King County.

Area residents are invited to join REALTORS® at the work party, scheduled from 9:30 a.m. until 3 p.m. No experience is necessary and all instruction and supplies will be provided. Volunteers are asked to bring their own gloves, and if they prefer, their own garden tools.

The TREC project is sponsored by the association's Affiliate Council, which will host lunch for all workers.

Volunteers must [pre-register](#) at nwrealtor.com or by calling 425.974-1011. Participants will need to sign a standard volunteer waiver form. Carpooling is encouraged as parking around Dunn Gardens is limited.

"We're thrilled to be partnering with Dunn Gardens during their centennial celebration," said David Crowell, SKCR's director of governmental and public affairs. He noted the goal in forming TREC was to bring together REALTORS® and the community for environmental stewardship projects and to help preserve healthy, natural habits to enhance our neighborhoods. "Like the Olmsted architects, we share the belief that landscape architecture can improve the quality of life of Americans," Crowell added.

In addition to Dunn Gardens, the Olmsted legacy in Seattle includes the boulevard system, numerous parks and playgrounds, the 1909 Alaska-Yukon-Pacific Exposition (credited with shaping the University of Washington campus), and other public and private landscapes, including more than 30 residential grounds. Elsewhere, the Olmsted designs include Central Park in New York, the U.S. Capitol Grounds in Washington D.C., and Boston Commons.

Since 1993, Dunn Gardens has been owned and managed by the E.G. Dunn Historic Garden Trust, which is dedicated to conserving historically significant gardens for public enjoyment. The National Trust for Historic Preservation designated Dunn Gardens as one of 12 "Restore America" sites for 2004-2005.

About The Realtors Environmental Council (TREC)

SKCR established The Realtors Environmental Council as a nonprofit affiliate to promote environmental stewardship among REALTORS®, its affiliate members and homeowners, and to support projects and policies to preserve a healthy natural habitat. In addition to "on-the-ground" projects to promote green practices, REALTORS® can earn a Green Designation, a professional credential that signifies proficiency on issues of energy efficiency and sustainability in various facets of real estate.

Since inception, TREC volunteers have devoted a day of service at parks and open spaces in Bellevue, Federal Way, Issaquah, Kirkland, Renton, and Seattle

"Realtors are well positioned to raise homeowner awareness of ways to protect, maintain, and preserve open spaces and parks," Crowell remarked, adding, "Real estate professionals don't just sell homes, they often lead efforts that promote environmental stewardship and sustainability by advocating for policies that will protect and enhance our quality of life and the communities where our members and their clients live and work."

About SKCR

Seattle King County REALTORS® creates a thriving and ethical business environment for members through education, advocacy and tools that support member success. The nonprofit professional trade association promotes a strict code of ethics and policies that protect and promote the right to own, transfer and use real property.

Based in Bellevue, SKCR is a local association of the National Association of Realtors. Membership is voluntary, and only members may use the term REALTOR[®], which is a licensed collective trademark.

BROKERAGE DESIGN – BY JEREMY CONAWAY** Avoiding secondary disruption with strategic design?**

A significant number of past commentaries from this column have discussed the various aspects of digital disruption both from the perspective of being a disrupter and being disrupted. The fact is that disruption is a primary factor affecting almost every aspect of the current brokerage scene. Most compelling brokerages are either in the process of responding to disruption or creating innovative disruptions of their own. Sometimes these disruptions are external and impact the brokerage's competitive position in the marketplace. In other cases the disruptions are internal and impact management and operations.

While disruption, as a business factor for real estate brokerages, is too new to have evolved a classic tactical or response pattern, certain matters are already clear. Chief among those is the absolute necessity that firms adopt and implement their own strategic and innovative course rather than adopting a response strategy that forces the firm to respond anew to each incursion of internal disruption and/or external market or competitive forces as they occur. With few exceptions response strategies equate to being led around by a leash with a blindfold. It is hard enough to anticipate the challenges of one's own strategic intent let alone trying to track and prepare for the unknowns of another's.

The essence of strategic design requires taking a "total" or "big picture" approach. Brokerages that have a strong articulated strategic intent, set and maintain their own course. While the activities and actions of the market or competitors may require occasional course corrections they do not result in major shifts in strategic course or tactical deployment.

The first requirement for brokerages seeking to adopt strategic design as their lead business strategy is the designation of a specific individual to be the firm's Chief Design Officer (CDO). While such a title may sound arrogant and expensive the fact is that while the strategic design concept requires group participation it will not respond to group command. Someone must have overall responsibility. This is not to suggest that such a responsibility is, for the small and medium firm, a full time position. It does, however, suggest that this responsibility is best held by someone other than the senior executive or managing broker/owner. Strategic design programs work best when the senior executive is available to support the program from a distance by mediating the conflicts that naturally follow any plan that requires significant change.

The second requirement for a successful strategic design program involves implementing a program that addresses the full range of the firm's strategic intent rather than on a crisis-to-crisis basis. Some of the best brokerages in the country are in the process of addressing disruption on a piecemeal basis - a little here and a little there. Something in this office and something else in another office. A little upgrade to recruiting,

a bit of transaction management, a few agent ratings, a new age manager here next to a 30 year expert in the downtown office, a new website that almost addresses the shortcoming of the old one, and perhaps a thought about regulatory compliance. This approach to disruption will ultimately leave these firms even more vulnerable to the ultimate disruption of an alternative brokerage model that will “Uberize” the real estate industry by offering a completely new A to Z consumer and financial experience. There are now several entities in the market that are making those kinds of noises.

In a strategic design scenario the brokerage, under the oversight of its design chief, creates a vision, master plan, and blueprint that addresses every aspect of the firm’s operations three or four years out. Most firms will attempt to implement this change process over a twenty-four month period. One of the key tactics here is to ensure that each action item undertaken will fit precisely into the ultimate overall strategic design. During this period a change in any of the elements will require an adjustment in all of them in order to allow the entire design to work as a productive and profitable system. In the piecemeal approach each of the individual segments may be absolutely perfect but if they cannot come together as a relatively flawless system they will not be management or accountable. This is why the industry at this point in time is so vulnerable to an ultimate disruption scenario. Existing systems that reflect, “how we have always done it” are neither flexible or nor defendable in the face of disruption.

The third requirement that must be met has to do with the fact that in most cases strategic design project also requires major changes in the corporate culture. Many brokerages have, over the past decade, spent fortunes purchasing new technologies. Unfortunately they have found that new technologies laid over legacy cultures are neither effective nor generate an acceptable return on investment. Sometimes a successful strategic design process is more evolutionary than revolutionary. Experts like Mauro Porcini, PepsiCo’s Chief Design Officer suggest this culturalization process involves several stages.

Those responsible for the strategic design process must never forget the “dark day of the innovator.” Investing the time and effort to create innovation through disruption and design frequently creates a situation in which the rest of the team is unable or unwilling to either recognize or celebrate the genius of the innovations being introduced. Self-confidence and faith are a must.

It is not unusual for significant players within the brokerage to suggest that the status quo is working just fine and that the suggested disruption will never work. These issues must be addressed head on often with terminations and new hires.

Even when the significant players are on board with the strategic design process there will be lesser players in the brokerage environment who will openly or secretly reject and attempt to sabotage the new design. The brokerage’s boomer generation agent contingent is often a nexus for this level of “opposition.”

When the brokerage environment appears to have reached a critical level of support for the strategic design, it is often still necessary to move the process forward by playing the “trust me” card.

Although the members of the team may appear to be, at least tentatively, in place and supporting the process, it is still important to have embedded a number of “quick start” elements that will demonstrate early success and confidence in the program.

Finally, there is a moment in time when the process turns the corner and ownership of the innovations becomes more or less universal. It is at this point in time those who have been dragging their feet suddenly want to offer suggestions relative to how the innovations might be made even more effective. This is known as the “confusing day of the innovator.”

Strategic design has become a key feature in many leading business entities. It offers a proven methodology for meeting the threats and realizing the opportunities of disruptive innovations. This is yet another example of the age-old axiom that the perfect defense is an optimum offense.

News In Brief

- What's the effect of soaring Seattle home prices? **As reported in mynorthwest.com only two percent of renters in the local area plan to buy this year, more than five times fewer than the national average**, according to a new survey sponsored by Zillow. The national percentage of renters who say they plan to buy a home in the next year fell from 12.1 percent to 11.4 percent in the first six months of this year, and a smaller percentage of those surveyed said it was a good time to buy. The percentage of those surveyed who believe people who have recently bought a home will be better off in 10 years fell from 61 percent to 59 percent. The Zillow Housing Confidence Index (ZHCI) is derived from the U.S. Housing Confidence Survey (HCS), which polls 10,000 homeowners and renters about housing market conditions, expectations for the future and their attitudes toward homeownership in 20 of the large metro areas in the United States. Zillow sponsors the ZHCI and HCS, which were developed and are maintained by Pulsenomics LLC, an economics research and consulting firm. Seattle rose from number 10 to number two for housing confidence overall, and those surveyed expressed higher expectations for the housing market in the future. The Zillow study showed Seattle homes have appreciated 6.6 percent in the past year, yet agents report double-digit appreciation in many neighborhoods.
- Livability.com has released its third-annual Top 100 Best Places to Live list for 2016. More than 2,100 cities (with populations between 20,000 and 350,000) were evaluated. More than 40 data points were analyzed that were then grouped into eight categories: economics, housing, amenities, infrastructure, demographics, social and civic capital, education, and health care. **Nine Washington cities were featured as top 100 best places to live by Livability.com: Bellevue (2), Olympia (20), Kirkland (25), Richland (64), Renton (66), Bellingham (72), Bothell (80), Pullman (91) and Issaquah (95).**
- **According to CNBC, real estate developers are hoping to entice young professional renters into home ownership by wooing them with tiny, more affordable condos.** Downtown

Washington, D.C. serves as one example of the tiny condo movement's gain in momentum. For example, Ontario 17, a new condominium building in D.C.'s Adams Morgan neighborhood, offers studios that are just 380 square feet and cost \$275,000 – which is about half the neighborhood's median price. The building, which is not yet finished, is already about 70 percent sold. About 80 percent of the buyers have all been first-time home buyers. The studio units have a bed that pulls out of the wall, a dining table that pulls down from a hanging picture frame, a sofa that is built into the bottom of the bed, high-end kitchen appliances that are slightly smaller to fit the space, and in many cases a small terrace as well.

- **New mortgage disclosure rules took effect October 3, and lenders and real estate brokerages are quickly preparing for what has been predicted to be big changes to home closings, according to a report published on mynorthwest.com.** New lender forms will merge the HUD-1 Settlement Statement, the Good Faith Estimate, and the Truth-in-Lending disclosure form into two new closing documents: a Loan Estimate and a Closing Disclosure. "There's going to be a little bit of a learning curve in the beginning," said Matt Culp of the Bainbridge Lending Group on 97.3 KIRO-FM's "Real Estate Today" program. "Consumers may face slightly longer closing times as the industry adjusts to the new process." Consumers will have more time to review the total costs of their mortgage prior to closing. The Loan Estimate form is due to consumers three days after they apply for a loan, while the Closing Disclosure form is due three days prior to closing. The Loan Estimate form shows the loan amount and interest rate, what the borrower's monthly payment will be, estimated taxes and insurance, and how much cash is required to close. Borrowers will face delays to closing if there are any last-minute changes with the financing of their loan. For example, if borrowers decide to change loan products at the last minute - such as switching from a fixed-rate mortgage to an adjustable-rate loan - borrowers will face a three-day delay in the closing to allow for reviews of the new Closing Disclosure form. Borrowers will not have a choice to waive the three-day review period. Some mortgage experts are recommending that borrowers lock in their mortgage rates 45 or 60 days, rather than the more common 30-day lock, in case there is any delay in closing.


Calendar of Events Through November 4, 2015

Dates	Event	Time	Location	Contact
SEATTLE—<i>King County</i> REALTORS®				
10/16/15	TREC Project	9:30 am – 3:00 pm	Dunn Gardens	425-974-1011
10/20/15	Affiliate Council	9:00 am – 10:00 am	SKCR	425-974-1011
10/21-23/15	WR Leadership Conference		Lake Chelan	800-562-6024
10/29/15	REALTOR® Advantages	9:30 am – 12:00 pm	SKCR	425-974-1011
11/4/15	Board of Directors	8:00 am-11:00 am	SKCR	425-974-1011
For updates visit: www.nwrealtor.com and click “events”				