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Brokers say all parties in housing transactions need to recalibrate during shifting market

KIRKLAND, Washington (August 4, 2022) – New statistics from Northwest Multiple Listing Service confirm reports of a shifting housing market, prompting one industry leader to suggest "all parties involved in a transaction today have to recalibrate."

"Today's buyers have their cups finally overflowing with options as residential inventory grows to about two months of supply," said Dick Beeson, managing broker at RE/MAX Northwest Realtors in Gig Harbor. The MLS report summarizing July statistics show 2.01 months of inventory system wide.

Inventory of single family homes and condominiums across the 26 counties served by Northwest MLS has not exceeded two months since January 2019 when there was 2.3 months of supply.

Commenting on the "many moving parts" of the market and the need to recalibrate, Beeson said sellers "are starting to see that overpricing just ain't in the cards right now." He also noted buyers still have to compete with other would-be homeowners, and depending on the property, some sellers are receiving offers over their asking price. "Buyer and seller expectations have changed. It feels like things are starting to normalize a little," Beeson remarked.

Active listings have nearly doubled from a year ago, jumping from 7,948 offerings of single family homes and condos to 15,381 (up 93.5%). The addition of 11,805 new listings during the month contributed to the boost. Compared to June, the selection expanded by 1,976 listings (up 14.7%).

Evidence of slower activity appears in the sales figures. Pending sales retreated about 24% from a year ago, dropping from 11,567 to 8,775 mutually accepted offers. The NWMLS report shows a nearly 30% year-over-year decrease in closed sales (declining from 10,919 closings to 7,645).

Despite fewer sales, prices still rose, but at a slower rate. The median price on last month's closed sales of single family homes and condos increased 6.1% from a year ago, rising from $589,000 to $625,000. For single family homes only (excluding condos), prices jumped about 6.6% and condo prices gained more than 8.6%.

In the four-county Puget Sound region, price changes ranged from a gain of about 2.7% in King County (from $789,000 to $810,000) to a jump of nearly 12.7% in Pierce County (from $501,500 to $565,000). Kitsap prices rose 5.4% while prices in Snohomish County increased 9.3%.

"Buyer opportunities have returned to the Puget Sound market, including increased availability and selection of properties, as well as fewer multiple offer/premium pricing situations," said J. Lennox Scott, chairman and CEO of John L. Scott Real Estate.

A check of Northwest MLS statistics illustrates Scott's point. Sellers in half the 26 counties accepted full price or above asking price offers. Based on the sales price to list price ratio, sellers of homes in Thurston County received 103.1% of their listing price to top the list. The other 12 counties where homes sold at or above the list price were Chelan, Clark, Cowlitz, Franklin, King, Kitsap, Mason, Pierce, San Juan, Skagit, Snohomish, and Whatcom.

The market balance is favoring buyers, reported Dean Rebhuhn, owner at Village Homes and Properties in Woodinville. "After experiencing multiple offers, shrinking inventory, or not being able to include inspection or financing contingencies with their offers, buyers now have choices," he explained.

Noting King County had about seven weeks of inventory at the end of July (1.86 months) – about double May's supply (0.83 months) – Rebhuhn described sales as "very good," but said savvy sellers are making certain their homes are "priced right to win the sale. Overpriced listings have missed the market."

Lennox Scott reported some buyers around Puget Sound are experiencing "buyer gridlock," meaning they are seeking to sell their current home before getting under contract for their next property. "Home sale contingencies are a useful tool for homeowners in similar situations during this time."

Northwest MLS director Frank Leach, broker/owner at RE/MAX Platinum Services in Silverdale, said Kitsap County continues to be a hot market, with homes in the $400,000-to-$700,000 price range drawing multiple offers. "Open house traffic is increasing, and we continue to see an influx of buyers from the greater Puget Sound region and from out of state who are moving to take advantage of Kitsap's quality of life and diverse work force."

Like nearly every county in the Northwest MLS service area, Kitsap had fewer pending sales than a year ago (483 versus 580 for a drop of 16.7%), but compared to June, brokers reported 27 more pending sales (up 5.9%). Year-over-year prices on closed sales in Kitsap rose 5.4%, from $507,500 to $535,000.

Leach also noted marketing times continue to be brisk, saying most sellers receive offers within 15 days, although he expects that to increase as inventory grows. Buyer concessions on resale homes are also on the rise, according to Leach. Builders are building "at a monumental rate" while trying to adjust to increases in mortgage rates. "We are seeing builders moving their price points down and providing incentives to buyers in closing costs and buydowns to help borrowers obtain lower interest rates."

John Deely, executive vice president of Coldwell Bank Bain, said, "We are coming off the fevered pitch of a market that had tremendous velocity over the last few years. With listings starting to build again we are seeing a bit of a natural slowdown, yet still very much a sellers' market."

Industry experts consider less than four months of inventory to be a "seller's market." Deely noted every county in the NWMLS report except San Juan and Columbia had less than four months. All four counties in the Puget Sound region had less than 1.9 months of supply.

The good news, according to Deely, is "not only is there more inventory for buyers to view, but sellers who were on the fence about placing their home on the market, mainly because they had nowhere to go, are now seeing potential."

Commenting on the slowing rate of price increases, Deely noted "we are not seeing median prices drop significantly. Slight seasonal decreases from May to July are typical for this time of year after the spring market, with this year further impacted in July by a heat wave and spike in travel."

Only two counties, Ferry and Island, reported a year-over-year drop in median prices, according to the MLS report. Nine counties experienced single-digit appreciation in July compared to 12 months ago, with the remaining 15 having double-digit gains.

The latest Northwest MLS report mirrors some of the findings from the National Association of REALTORS® and its Confidence Index for June. (Figures for July are not yet available.) NAR's data showed the average number of offers per property dipped to three from a previous high of five. Median days on the market for homes nationwide was 14, a record low. Nearly a third (30%) of buyers waived inspection and appraisal contingencies, which NAR said has held fairly steady since the start of the pandemic.

Northwest Multiple Listing Service is a not-for-profit, member-owned organization that facilitates cooperation among its member real estate firms. With more than 2,500 member firm offices and 32,000 brokers across Washington state, NWMLS (www.nwmls.com) is the largest full-service MLS in the Northwest. Based in Kirkland, Washington, its service area spans 26 counties, and it operates 21 local service centers.

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	4,009	4,718	2,705	2,535	$1,018,043	$810,000	1.86	0.66
Snohomish	1,843	2,160	1,320	1,149	$805,521	$737,500	1.88	0.53
Pierce	1,807	2,340	1,426	1,261	$627,212	$565,000	1.86	0.66
Kitsap	564	711	483	391	$650,786	$535,000	1.82	0.87
Mason	182	282	136	114	$521,041	$409,500	2.47	0.74
Skagit	251	353	215	156	$654,999	$549,950	2.26	0.79
Grays Harbor	226	429	165	116	$384,778	$361,000	3.70	1.48
Lewis	182	344	125	91	$439,130	$405,000	3.78	1.32
Cowlitz	180	237	155	132	$407,535	$391,250	1.80	0.88
Grant	133	213	112	100	$405,710	$398,250	2.13	1.34
Thurston	571	694	502	464	$552,507	$500,000	1.50	0.54
San Juan	48	127	26	25	$1,615,400	$1,150,00	5.08	3.03
Island	229	280	207	128	$605,331	$534,950	2.19	0.66
Kittitas	124	217	94	84	$833,130	$622,475	2.58	1.35
Jefferson	82	106	70	62	$730,445	$698,750	1.71	1.29
Okanogan	70	171	63	46	$490,905	$387,450	3.72	2.40
Whatcom	568	733	361	286	$636,468	$582,500	2.56	0.79
Clark	103	143	96	81	$588,003	$530,000	1.77	0.58
Pacific	75	160	59	42	$373,519	$344,500	3.81	1.33
Ferry	8	31	3	10	$207,670	$194,500	3.10	2.60
Clallam	122	195	110	91	$536,083	$485,000	2.14	0.88
Chelan	166	280	122	110	$702,389	$614,500	2.55	1.29
Douglas	58	97	52	46	$499,481	$455,000	2.11	0.70
Adams	23	41	19	18	$315,389	$306,327	2.28	1.69
Walla Walla	71	97	68	55	$478,327	$417,000	1.76	0.80
Columbia	9	24	13	3	$769,667	$650,000	8.00	2.00
Others	101	198	68	49	$467,819	$391,000	4.04	1.85
Total	**11,805**	**15,381**	**8,775**	**7,645**	**$766,244**	**$625,000**	**2.01**	**0.73**

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

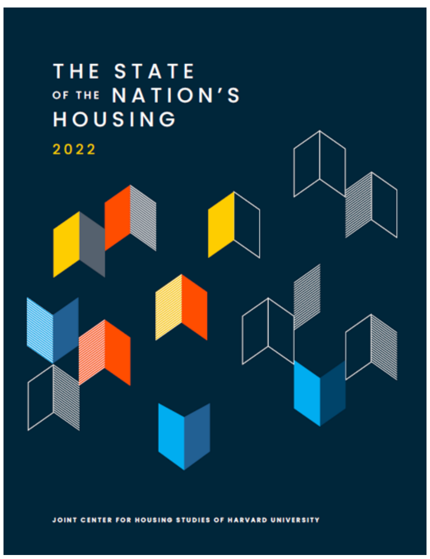
(totals include King, Snohomish, Pierce & Kitsap counties)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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
2018	5484	5725	7373	7565	8742	8052	7612	6893	6235	6367	5328	4037

2019	5472	4910	7588	8090	8597	8231	7773	7345	6896	6797	5788	4183
2020	5352	6078	6477	5066	7297	8335	8817	9179	8606	7934	6122	4851
2021	5216	5600	8002	7716	8674	8824	8049	8586	7880	7405	6022	3943
2022	4405	5560	7312	6908	7482	6031	5934					

Housing affordability challenges face home buyers and renters

Describing the housing market as being at an inflection point, authors of *The State of the Nation's Housing 2022* expect both record-breaking home prices and rents to cool as interest rates climb. They also found troubling racial and ethnic disparities, along with persistent affordability challenges.



This year's report from the Harvard Joint Center for Housing Studies found that housing cost burdens worsened significantly during the first year of the pandemic, with more households (including renters) classified as cost burdened. (Cost-burdened households spend more than 30% of their incomes on housing costs.)

For homeowners, the cost burdened rate in 2020 rose to 21%, up 1.0 percentage point from the previous year. Among renters, the rate jumped 2.6 percentage points to 46 percent. Overall, 30% of households were considered cost burdened, up 1.5% from 2019. The report indicated rising cost burdens were remarkably widespread when analyzed by race.

Upon examining home price appreciation, researchers found it hit 20.6% in March 2022. That runup marked the largest jump in three decades, with 67 of the top 100 housing markets experiencing record-high appreciation rates.

Northwest Multiple Listing Service, which covers 26 of the 39 counties in Washington state, reported a 16.4% year-over-year price increase overall for March 2022. In the four-county Puget Sound region, the price gains ranged from 13.4% in King County to 24.9% in adjacent Snohomish County.

Rents nationwide also rose, climbing 12% during the first quarter of 2022. "Rents for single-family homes rose even faster, pushed up by increasing demand for more living space among households able to work remotely," stated Daniel McCue, a senior research associate at the Center. He said investors who are buying up moderately priced homes for rental or to upgrade for resale are adding more pressure.

Economist and blogger Elliot Eisenberg, aka “The Bowtie Economist” said investor home purchases peaked at 27.6% of sales in the first quarter of 2022, up from 24.8% from the fourth quarter of 2021. That compares to an average of 16% per quarter in 2019. Non-investor purchases declined sharply – by 33% -- between 21Q2 and 22Q1.

Despite soaring costs, housing demand is growing, fueled by strong household growth throughout the pandemic, with much of the increase attributed to millennials. Also experiencing rapid growth is the number of older-adult households. Long-term, JCHS researchers expect housing demand to drop dramatically, citing declining birth rates, rising death rates, and shrinking immigration.

The report also examined hurdles facing first-time homebuyers. The combination of rising interest rates and prices translates to a spike in monthly mortgage payments. For potential buyers of a median-priced US home, it translates to about $600 per month compared to the previous year. Senior research analyst Alexander Hermann said the typical down payment a first-time buyer would need for a median-priced home is $27,400, adding, “Without help from family or other sources, this would rule out 92% of renters.”

Elsewhere in the 48-page report are findings around the widening wealth gap between homeowners and renters (with owners enjoying 40 times the median wealth versus renters) and “troubling” racial and ethnic disparities.

On a brighter note, residential construction reached a new high. Single family starts reached 1.1 million in 2021, surpassing the million-unit mark for the first time in 13 years. Multifamily starts hit a 30-year high, but completion times lengthened due to supply-chain delays. “Together with climbing interest rates, the strong pipeline of new housing should help to slow the rise in home prices and rents,” the authors declared.

The Harvard researchers believe the near-term outlook for housing demand is still largely positive, pointing to favorable demographic shifts, low unemployment, and strong wage growth.

Chris Herbert, managing director of the Joint Center for Housing Studies, commented on the correlation of demand and fiscal policies. “There is also the longstanding challenge of producing affordable homes given the high cost of building materials and land as well as the shortage of labor. The lessons learned during the pandemic have led to a number of proposals to greatly expand the housing safety net and provide increased support for first-generation homebuyers. While these measures have yet to be implemented, it is important to continue the policy debate over the best approaches to making housing affordable for all."

The Harvard Joint Center for Housing Studies advances understanding of housing issues and informs policy. Through its research, education, and public outreach programs, the Center helps leaders in government, business, and the civic sectors make decisions that effectively address the needs of cities and communities. Through graduate and executive courses, as well as fellowships and internship opportunities, the Center also trains and inspires the next generation of housing leaders.

Fannie, Freddie roll out inaugural Equitable Housing Finance plans

Two government-sponsored enterprises (GSEs) unveiled their first Equitable Housing Finance (EHF) plans in early June. In announcing the plans, the Federal Housing Finance Agency (FHFA) said they are designed to address barriers experienced by renters, aspiring homeowners, and current homeowners – particularly in Black and Latino communities.

Included in the rollout are plans for 2022-2024 by Fannie Mae and Freddie Mac.

"The Equitable Housing Finance Plans represent a commitment to sustainable approaches that will meaningfully address the racial and ethnic disparities in homeownership and wealth that have persisted for generations," said FHFA Acting Director Sandra L. Thompson. "We look forward to working with the Enterprises, lenders, and other housing industry participants to further develop the ideas described in these plans."

The plans evolved from FHFA's Request for Input and public listening session in September 2021. Among the activities they include are:

- Consumer education initiatives for renters and homeowners;
- Credit reporting to help tenants build credit profiles and enable better access to financial services;
- Expanding counseling services to support housing stability;
- Deploying technology to improve access to sustainable credit and fair home appraisals; and
- Special Purpose Credit Programs to address barriers to sustainable homeownership.

These activities will be updated annually to further promote sustainable homeownership and rental opportunities for traditionally underserved Black and Latino communities.

Fannie Mae's plan, which they describe as a people-center approach to advancing equity in housing, focuses on three areas:

1. Housing preparation
2. Buying or renting
3. Moving in and maintaining sustainable homeownership

The company says its plan is "just one piece of a much larger and evolving strategy. . .to address inequalities in the housing finance system and extend the wealth-building benefits of homeownership."

"We can knock down barriers standing in the way of greater equity in housing. Under the auspices of this plan, Fannie Mae is prepared to do more. And we will," proclaimed David C. Benson, president and interim CEO.

Freddie Mac called its plan an important component of its "expansive, mission-driven work to responsibly provide liquidity, stability and affordability in all communities and across all market cycles." Five areas are being explored in Freddie Mac's plan:

1. Addressing the homeownership gap
2. Strengthening investment within formerly redlined areas
3. Financing the creation and preservation of affordable housing
4. Increasing opportunities for renters
5. Helping to address disparities among Black and Latino communities

Michael DeVito, CEO of Freddie Mac, said work is already underway on its plan, adding, "Our multi-pronged approach reinforces Freddie Mac's commitment to working across the housing industry to support opportunities for more Black and Latino families to access the American Dream."

In a blog post by Don Layton at Harvard's Joint Center of Housing Studies, four major issues to watch were outlined. He suggested industry and other observers should watch to see how the plans strategically evolve, "including whether or not the programs survive at all."

The four issues JCHS listed were:

1. The political durability of EHF plans. Unlike earlier housing goals and Duty to Serve (DTS) social programs of the GSEs that were founded in congressional legislation, the EHF plan lacks such legal requirements. Layton suggested the first time a Republican-appointed FHFA director changes, the EHF program “is very much at risk.”
2. The political durability and impact of SPCPs (special purpose credit programs). The rarely-employed SPCPs, a mechanism from the 1974 Equal Credit Opportunity Act, is a core of the new EHF plans. Because of questions raised on whether SPCPs might violate the Fair Housing Act’s prohibition on discrimination of any type, Layton believes “very careful calibration by the GSEs” will be needed. He also thinks it is vulnerable once a Republican president enters office and appoints new leadership at HUD.
3. Will focuses on selected races generate pushback? The focus on Black homeowners and renters in the Fannie Mae EHF plan openly downplays all other families of color, suggested Layton, which could result in challenges from excluded racial groups.
4. Will the focus on reducing closing costs survive? The largest sources of closing costs for GSE-funded loans come from title insurers and mortgage insurers, which have powerful lobbying and political influence, thus making this focus problematic, according to Layton. “It remains to be seen whether the title and mortgage insurance industries accept lower margins on such EHF-related loans or, fearing this is the beginning of a broader attack on their high profit margins, move aggressively to protect their interests,” he explained.

FHFA created a “pilot transparency framework” for the GSEs to accompany their plans. It requires each Enterprise to publish and maintain a list of pilots and test-and-learn activities on its public website.

One-third of declined mortgage applications qualified for homebuyer assistance

One of every three (33%) of declined loan applications were likely eligible for multiple homebuyer assistance programs, according to an analysis by Down Payment Resources (DPR).

DPR’s analysis indicated a substantial share of mortgage loan applications were declined for reasons that could be addressed with homebuyer assistance. One-third of all declined purchase mortgage loan applications were rejected for either insufficient cash-to-close or disqualifying debt-to-income (DTI) ratios. These files were also eligible for homebuyer assistance at the time they were declined.

In fact, DPR found that, on average, declined loan applications were eligible for 10 homebuyer assistance programs.

Another key finding from DPR's analysis was that many declined loans could have been averted and recovered with homebuyer assistance.

DPR, the online tool available to brokers at Northwest Multiple Listing Service, integrates into Matrix and the Client Portal. It connects brokers and their clients to lists of potential financial programs available for specific listings.

Rob Chrane, CEO at Down Payment Resource, said "Our analysis definitively shows that homebuyer assistance programs are the most promising pathway to homeownership for a sizable share of the homebuyer population. Yet, homebuyer assistance programs are seldom offered as an option."

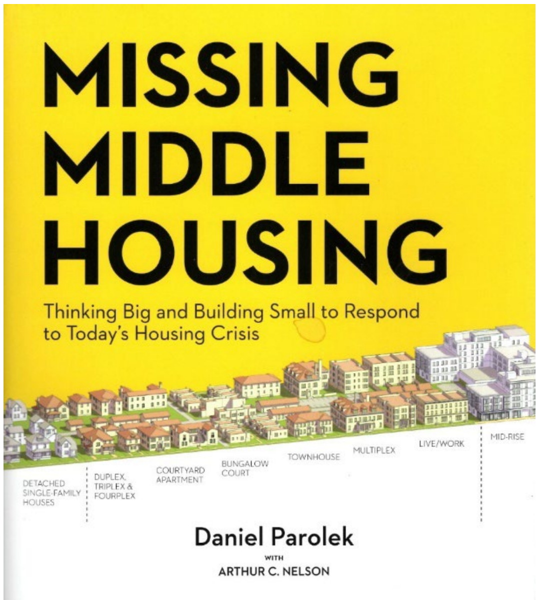
Housing briefing for public officials explores solutions for attainable housing

To set the stage for a discussion on "missing middle housing," featured speaker Karen Parolek presented some key data on shifting household demographics:

- Today, 30% of households are single persons;
- By 2025, 75-85% of households will not have children;
- By 2030, 1 in 5 Americans will be 65+;
- Increasingly, multi-cultural society is leading to more interest in multi-generation living.

Parolek was the featured speaker at this year's Housing Issues Briefing, an annual program of Seattle King County REALTORS® for elected officials, candidates and policymakers in King County. She is co-founder and president of Opticos Design, Inc., an architecture and urban design firm specializing in healthy, walkable and equitable communities.

In 2015, Parolek spearheaded the initiative to create MiddleMissingHousing.com. The website is designed to serve as a collective resource for elected officials, planners and developers. Long before launching that resource, she co-authored *Form-Based Codes* (John Wiley & Sons, 2008), described as "the only comprehensive guide to Form-Based Codes for urban designers, architects, planners, developers and city agencies."



The phrase "missing middle housing," coined by her husband Daniel Parolek, is described as "a transformative concept that highlights a time-proven and beloved way to provide more housing and more housing choices in sustainable, walkable places."

Karen Parolek explained they call these building types, which may include duplexes, fourplexes, cottage courts, and courtyard buildings, "missing" because these "middle in form and scale" have typically been illegal to build since the mid-1940s and "middle" because they sit in the middle of a spectrum between detached single-family homes and mid-rise to high-rise apartment buildings. "Missing middle helps solve the mismatch between the available U.S. housing stock and shifting demographics combined with the growing demand for walkability."

The speaker noted nearly one third (30%) of American households were housing cost burdened in 2020, meaning they spend more than 30% of their income for housing costs. More than one in seven spent more than half their income on housing, according to Harvard University's *State of the Nation's Housing* report.

Parolek believes the affordable housing crisis will continue to grow and it will be impossible to deliver single family homes at attainable prices due to costs of land, labor, and lumber.

Data show the majority of most towns are zoned for single family homes only. Not only does this limit everyone's housing choices, Parolek noted, it impacts Black households more, contributing to the current racial wealth gap, thereby making it a racial justice issue.

As for what is getting built, Parolek listed three products: apartments in midrises, detached single family homes, and some missing middle housing.

Gen Z, millennials and baby boomers are receptive to small, well-designed units within walking distance to services. A Zillow survey of 12,000 adult residents in 26 major metro areas confirmed a "resounding majority" of the survey respondents support allowing accessory dwelling units (ADUs), duplexes/triplexes and other forms of missing middle housing.

CHARACTERISTICS OF MISSING MIDDLE HOUSING

- Located in a walkable context
- Lower perceived density (but enough to support services and amenities)
- Small building footprints
- Smaller but very livable homes
- Live like a single family home
- May be rental, for-sale or a mix of homes
- Thoughtful approach to parking
- Simple construction
- Helps create strong sense of community

Source: *Missing Middle Housing* (© 2020 by Daniel Parolek)

Reference the *Missing Middle Housing* book authored by her husband, Parolek said a long list of barriers make such housing infeasible, "especially for smaller developers." Among the challenges are planning and zoning barriers, community or neighborhood opposition, perceived cost inefficiencies for building small, difficulty in obtaining financing, and, for condominium projects, construction defect laws.

After showing examples of how communities are "moving the needle" to effectively introduce missing middle housing, the speaker noted Opticos, a company where she is a member of the leadership team, conducts two services, the Missing Middle Scan™ and the Missile Middle Deep Dive™. These packages help broaden understanding of the need for change, prioritizes areas that are appropriate and (with the Deep Dive), a detailed analysis of zoning, solutions, and next steps.

Following her presentation, Parolek participated in a discussion with broker and industry leader Michael Orbino, and then fielded questions from the audience.

Real estate keeps #1 ranking as favorite for long-term investing

Real estate retained its top spot as American's favorite long-term investment, according to a survey by Bankrate. That marked the third time in the past four years and sixth time in the past decade that respondents picked real estate for investing money they didn't need for 10 or more years.

In all, 29% of the 1,025 adults who were surveyed about investment preferences had real estate as the favored tool, followed by the runner up, stocks, which claimed 26% of the votes. Cash finished third, but the percentage who chose it fell from 25% in 2021 to 17% this year.

"Preference for cash moderated notably," said Greg McBride, Bankrate chief financial analyst. In fact, he commented, its 17% showing marked its lowest rating in a decade's worth of polls.

Gold or other precious metals and bonds tied, with each garnering a 9% share. They were followed by bitcoin/cryptocurrency at 6%, which fell from its year-ago total of 9%.

Three percent answered "none of these" when asked to select from the options.

While retaining its top ranking, real estate slipped from its highest showing of 31% in 2019.

Stocks surged from its year-ago tally of 16% to 26%. Stocks were the top pick for baby boomers, college graduates and higher earners. Of those who did not select stocks as their preferred investment, more than a third (36%) cited high volatility as the biggest deterrent.

Other respondents gave different reasons for why they didn't select stocks. Those reasons included "intimidated by the stock market" (16%); "the investment returns won't keep pace with others" (15%); "the stock market is rigged against individuals" (14%); and "focused on preserving money rather than growing it" (10%).

About three-fourths (75%) of Americans said they are apprehensive about cryptocurrency. Only 21% said they were somewhat or very comfortable with investing in cryptocurrency.

Age seemed to play a role in influencing some of the responses. Volatility of stocks was a factor for the decision of 44% of baby boomers and 40% of Generation X, while only 29% of millennials cited that as affecting their decision.

In addition to age, the Bankrate survey also analyzed responses by income and gender.

The 10th annual survey by Bankrate, an independent, ad-supported publisher and comparison service was conducted in mid-June using both telephone and the web. Data are weighted and are intended to represent all U.S. adults.

Washington earns high marks for state economy, doing business

Washington earned first place for having the best state economy and was runner up in an annual ranking of "America's Top States for Business in 2022."

Washington climbed seven spots in the CNBC list compared to 2021, with its healthy workforce, strong economy and booming technology and innovation sectors among the factors that help propel it. It earned poor marks in business friendliness (with a D+ letter grade) and cost of living (with a D- letter grade).

CNBC, a business and financial news network, uses 88 metrics in 10 categories. Under its methodology, states can accumulate a maximum of 2,500 points. Washington earned 1,558 points

Only North Carolina, with 1,580 points, topped the Evergreen State, moving up from second place in 2021.

Rounding out the top five on CNBC's list were Virginia, Colorado and Texas.

Last place went to Mississippi. The other low-ranked states were Hawaii and New Mexico (tied for 46th), Louisiana (#48) and Alaska (#49).

WalletHub compared the 50 states and District of Columbia across three key dimensions: economic activity, economic health, and innovation potential. Those dimensions were then evaluated using 28 metrics, with each graded on a 100-point scale. A score of 100 represents the highest economic performance.

Washington's tallied 73.83 points, enough to earn first place in the rankings. It had no first-place rankings on the three dimensions, finishing 2nd in innovation potential, 3rd in economic activity, and 7th in economic health.

California topped the list for economic activity. Utah earned a #1 ranking for economic health, and Massachusetts, took first place for its innovation potential.

WalletHub is an online tool that offers free credit reports, a daily free credit score, and educational information about personal finance. Based in Washington, D.C., it is owned by Evolution Finance, Inc.

Beat the heat without AC

Whether called heat advisories, excessive heat warnings, heat domes, or dangerous heat waves, scorching temperatures have millions of Americans clamoring for relief from record-breaking high temperatures.

The U.S. Global Change Research Program says the warming climate means today’s heat waves last longer and are more intense. According to their latest assessment, the heat waves season has increased by more than 40 days since the 1960s for many U.S. cities.

While the majority of homes in the U.S. have air conditioners (75%), there is a cost to use and maintain them, and many use damaging chemicals. According to Energy Saver, a blog published by the U.S. Office of Energy Efficiency & Renewal Energy), air conditioners use about 6% of all electricity produced in the country. That consumption costs homeowners about $29 billion annually. They also emit an estimated 117 million metric tons of carbon dioxide into the air every year.

One study by a professor at the University of Oregon concluded that well-controlled shading and natural ventilation, in some cases with fan assistance “could have diminished the hours in which indoor heat index levels exceeded ‘caution’, ‘extreme caution’, ‘danger’, and ‘extreme danger’ thresholds during the June 2021 heat wave that stifled the Pacific Northwest. Findings by Alexandra Rempel, an assistant professor of environmental studies, indicate by opening, closing and shading windows and doors, people can significantly lower their indoor temperatures. *Crosscut* published several of Professor Rempel’s tips.

Multiple other sources offer similar and additional suggestions on ways to keep cool without air conditioning. Some of these include:

- From WIRED, “How to Stay Cool Without Air Conditioning” (includes a graphic from CDC on “Signs of Heat Exhaustion and Heat Stroke”).
- From *Reader Digest Canada*, 20 Tricks to Keep Your House Cool Without Air Conditioning.
- From *Prevention,* 15 Easy Ways to Stay Cool Without Turning On the Air Conditioner.
- From *Insider*, The 9 Best Ways to Stay Cool Without Air Conditioning

Seattle payroll tax will fund 1,700 affordable housing units from first year's receipts

JumpStart Seattle, a payroll tax applied to high salaries, amassed more than $248 million in its first year. Those funds will be allocated to 17 groups serving low-income and homeless populations. Their combined projects will produce 1,700 affordable housing units.

Seattle City Council members passed the JumpStart proposal by a 7-2 vote in mid-2020 in response to the COVID crisis and to "focus on Seattle's long-term economic revitalization and resiliency by investing in affordable housing and essential city services."

The progressive tax is imposed on salaries of $150,000 or more at Seattle businesses with payrolls of $7 million or more. Most Seattle businesses do not meet those criteria and will not be subject to the tax. Under variable rate provisions of the ordinance, the largest companies pay the most.

At a press conference last month to announce the initial recipients of funds, Councilmember Teresa Mosqueda said the 17 projects "are more than just units – they're investments into health, stability, opportunity and community, and they will have a positive impact on our community for generations to come." She credited a broad coalition of supporters for making the investments possible. Among them, she named businesses, labor unions, community-based organizations, affordable housing advocates, environmental groups, and immigrant rights activists.

In addition to affordable housing projects, JumpStart Seattle revenue will help fund environmental and economic development projects, including workforce training and childcare, with $48.1 million allocated for replenishing Seattle's reserves.

JumpStart creates an ongoing funding source for housing and is expected to net more than $277 million for 2022, according to forecasts from the city of Seattle's Office of Economic and Revenue Forecasts. The council's long-term spending plan dedicates nearly two-thirds of the revenue (62%) to housing, 15% to small businesses and economic resiliency, 9% to Seattle's Green New Deal investments, and 9% to the Equitable Development Initiative.

The tax is heavily reliant on just two sectors, according to GeekWire. That news site said Information and Professional & Business Services accounted for more than 82% of JumpStart tax receipts.

The Seattle Metropolitan Chamber of Commerce opposed the ordinance, but after losing two court cases, that organization issued a statement last month announcing it would not seek further appeals. In a statement, Chamber President and CEO Rachel Smith said, “We’ve decided the Chamber will not appeal this recent court decision. Ultimately, with two lower court rulings against us, it is unlikely that there will be a different outcome for this legal strategy at the Washington State Supreme Court – and no guarantee the court will even accept this case.”

News In Brief

- **Washington state is one of the nation's best for wellness, according to a** new study from lifeextension.com. The wellness company used 11 metrics across three main categories in all 50 states and the District of Columbia: physical and mental health, access to national parks and nature, interest in integrative health practices. The Evergreen state ranked No. 4 in the country. California claimed the top slot, followed by Arizona and Florida. Hawaii, Utah, Alaska, Wyoming, DC and New Jersey rounded out the top 10, respectively. Alabama ranked last on the list. Click here for the full report.

- **New data from Carfax shows Washington state has more than 1 million vehicles on the road with an open recall, ranking 15th in the nation with the most recalls.** Seattle ranks 13th among cities in the nation when it comes to the number of vehicles on the road with an open recall, with over 740,000 cars impacted. Carfax says sedans are more likely to be impacted than SUVs. Some of the problems include engine failure, failing windshield wipers and airbags that deploy when they're not intended to. Recalls are given when the car has several safety issues, ranging from airbag failure and engine fires to smaller problems like tail-light bugs. Experts say finding out about the issues could be the difference between life and death. Carfax says remedying recalls is just a matter of taking it into the dealership, and most repairs are typically free. To check for open recalls, Carfax has an online tool that makes it easy. You just need your vehicle identification number.

- **The Washington Supreme Court has agreed to review a decision by a lower court that overturned a new capital gains tax on high-profit stocks, bonds and other assets.** Attorney General Bob Ferguson appealed the March ruling directly to the state Supreme Court, and the court's order means the case will be decided by the high court instead of first going to the Court of Appeals. A date for oral arguments has not yet been set. The measure — approved by the Washington Legislature last year — imposed a 7% tax on the sale of stocks, bonds, and other high-end assets in excess of $250,000 for both individuals and couples. It was projected to bring in $415 million in 2023, the first year the state would see money from the tax. In his written decision issued in March, Douglas County Superior Court Judge Brian Huber agreed with opponents of the new tax who had argued it was a tax on income that violates previous state Supreme Court rulings and the state constitution because it is not a uniform taxation on property. Supporters had argued that the tax is an excise tax, and thus, constitutional.

- **Roughly 44 million American households rent rather than own, according to WalletHub, which released a new report ranking the best and worst cities in which to rent in the country. Seattle**

was found to be the 48th-best city to rent in America, according to the report, which used 22 "key measures of rental attractiveness and quality of life" ranging from rental rates to cost of living and job availability. Columbia, Md. ranked No. 1 on the list. Vancouver, Wash. ranked 175th, the eighth-worst on the list. Spokane ranked 120th, Portland took home the No. 126 slot and Tacoma placed No. 149. Click here for the full report from WalletHub.

- **Two voting change options will be on the November ballot after the Seattle City Council approved an alternative to a signature-driven effort — and either would change the city's primary election process.** In a special meeting last month, the council OK'd asking voters to consider ranked-choice voting alongside approval voting, The Seattle Times reported.

  Voters currently choose one candidate in a primary election and the top two proceed to the general election. The move away from more traditional voting has gained momentum across the country as advocates seek more equitable elections. Approval voting will be on the ballot as Initiative 134 after a successful petition effort. That measure allows voters to vote for multiple candidates without ranking, meaning each selection is weighted equally. Under ranked choice, voters rank candidates by preference. If no candidate gets a majority of first-choice votes, subsequent rankings are considered until a majority is reached. Ranked choice is used in dozens of cities and states, including New York City, San Francisco and Oakland, California. Approval voting is only used in a few locations, like St. Louis and Fargo, North Dakota.

- **In a ranking that no one saw coming, Seattle has been named one of the best cities in the nation for singles, according to a recent report from Zillow**. The Emerald City came in at #8 on the list, which compared cities on singles in the area, available rental listings and rental affordability. Seattle has the second-most-expensive market out of the cities in the top 10 list but also claimed the second-highest median income for singles. Check out the full ranking for yourself online.

- **The Seattle/Bellevue/Tacoma area is one of the most educated in the country, according to a new report from WalletHub.** The personal-finance website ranked the most educated cities in America using 11 key metrics, including share of adults 25 and older with a bachelor's degree or higher, quality of the public-school system and gender education gap. WalletHub ranked Seattle/Bellevue/Tacoma ninth in the nation. The Puget Sound region ranked eighth in percentage of associate's degree holders or college-experienced adults. Ann Arbor, Mich., San Jose, the District of Columbia, Madison, Wis., San Francisco/Oakland, Boston and Durham/Chapel Hill, NC, ranked Nos. 1-8, respectively. Visalia, Calif., ranked last at No. 150. Click here for the full report.

- **Washington state ranked No. 1 in the country for UFO sightings, according to new research from journoresearch.org.** The Evergreen state took home the top spot with 88.03 sightings per 100,000 residents, beating out Vermont (87.98), Montana (86.21), Alaska (83.94), Maine (81.55), New Hampshire (80.13), Oregon (79.04), New Mexico (73.96), Idaho (67.13) and Wyoming (66.86). California had to the most sightings in total at 15,280, which only amounts to 38.94 per 100,000 residents. According to the website, July is the best month to spot a UFO, with 603 reports filed on average.

- **According to a study from WalletHub, Washington state ranks No. 2 in the country for best states for teen drivers, falling only to New York.** The personal-finance website used 23 key metrics, including the number of fatalities, average cost of car repairs and presence of impaired-driving laws. Washington state ranked No. 2 for driving laws, No. 9 for safety and No. 35 for economic environment. Oregon placed fifth on the list. North Dakota, South Dakota, Missouri, Wyoming and Montana ranked Nos. 46-50, respectively. Click here for the full study from WalletHub.

- **The Seattle Metropolitan Chamber of Commerce will not continue to pursue a lawsuit against the city's JumpStart tax initiative, after two years of opposing the payroll tax.** A lawsuit filed by the chamber in 2020 argued that the tax — which requires high-earning companies to pay an annual tax on salaries over $150,000 — argued that the tax was unfairly and illegally placed on people earning a living wage. After a King County court dismissed the suit in 2021, the chamber appealed to an appellate court, which in June deemed it was an "appropriate" use of the city's taxing authority. In a letter to members on Monday, president and CEO Rachel Smith said that the chamber will drop the case after discussions with legal counsel, members and the chamber's executive board. The tax, passed by the Seattle City Council in 2020, requires businesses with at least $7 million in annual payroll to pay between 0.7% and 2.4% on salaries and wages paid to Seattle employees who make at least $150,000 per year. The highest rate is applied only to salaries of at least $400,000 at companies with at least $1 billion in annual payroll. In 2021, JumpStart brought the city $231 million in revenue, exceeding the city's $200 million estimate.

- At the beginning of 2022, Americans owed more than $1 trillion in credit card debt, according to WalletHub. So, how does Washington state stack up within the country? WalletHub released a new report ranking all 50 states and the District of Columbia, and **Washington state ranked No. 3 in the country with a median credit card debt of $2,471.** Only Alaska ($3,206) and DC ($2,788) ranked higher than Washington on the personal finance website's list. Oregon ($2,208) claimed No. 6 on the list. Mississippi boasted the least credit card debt, with a median debt of $1,806. According to WalletHub, the median time until payoff for Washingtonians is 14 months, 21 days. Click here for the full report from WalletHub.

- **According to Elliot Eisenberg (the Bowtie Economist on Elliot's Brief Blog), investor home purchases peaked at 27.6% of sales in 22Q1, up from 24.8% in 21Q4 and 19.2% in 21Q1, the first quarter of elevated investor purchases.** In 2019, investor purchases averaged 16%/quarter. Numerically, investor purchases rose from 200,000/quarter in 2019, peaked at 416,000 in 21Q3, then eased to 321,000 in 22Q1, as overall sales declined. Startlingly, non-investor purchases declined 33% between 21Q2 and 22Q1, all sales fell 29%.

Calendar of Events

DATES	EVENT	TIME	LOCATION	CONTACT
8/9	Gov't Affairs Committee	10:30 a.m. – 1:30 p.m.	SKCR	425-974-1011
8/11	WCR Membership Splash	4:00 p.m. – 6:00 p.m.	Centerpoint Parking Lot	425-974-1011
8/18	Affiliate Food Drive	10:00 a.m. – 3:00 p.m.	SKCR	425-974-1011
9/5	Holiday – Office Closed		SKCR	425-974-1011

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