Tale of Three Cities

Housing supply and affordability are threating the economic vibrancy of three West Coast cities

John Wilson King County Assessor





San Francisco, Vancouver & Seattle are 21st Century icons of prosperity:

- Pacific Gateways with enormous trade and commerce with Asia
- Thriving metropolitan areas located amid stunning natural beauty
- Diverse populations, including significant overseas influx
- Robust economies creating jobs & wealth



But there are challenges ahead

- Uncertain time for Asian trade and investment
- The concentration of wealth is creating rapidly growing economic disparity
- And each region is facing serious impacts from the shortage of affordable housing for rent or purchase
- Deep cuts in environmental stewardship threatens local quality of life

Housing poses a major challenge

- Housing supply is wildly out of sync with demand
- The demand has steadily and in some cases, rapidly
 - driven up the cost of housing
- The income to afford market rate housing (rent or own) is displacing all but the wealthy and those making 6-figure tech salaries







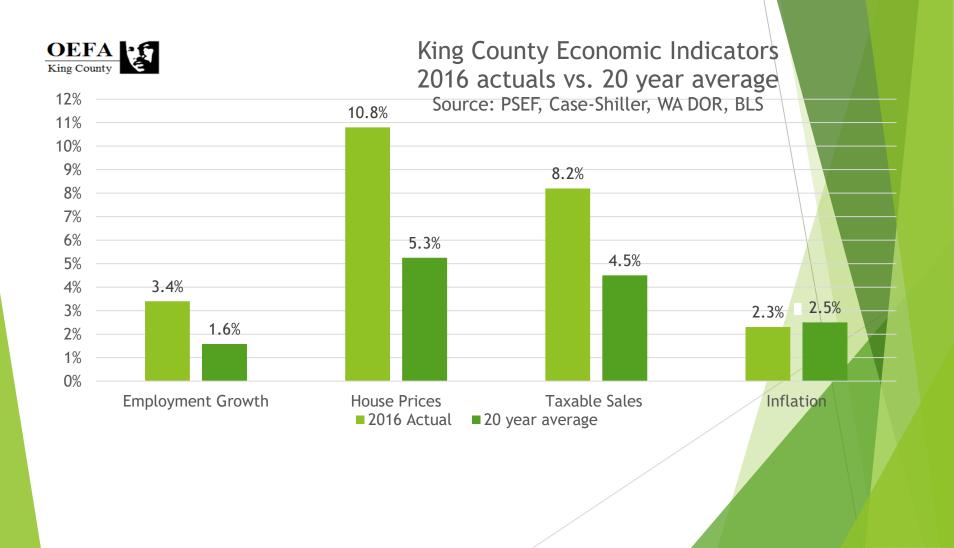


So How Expensive Is It Here?

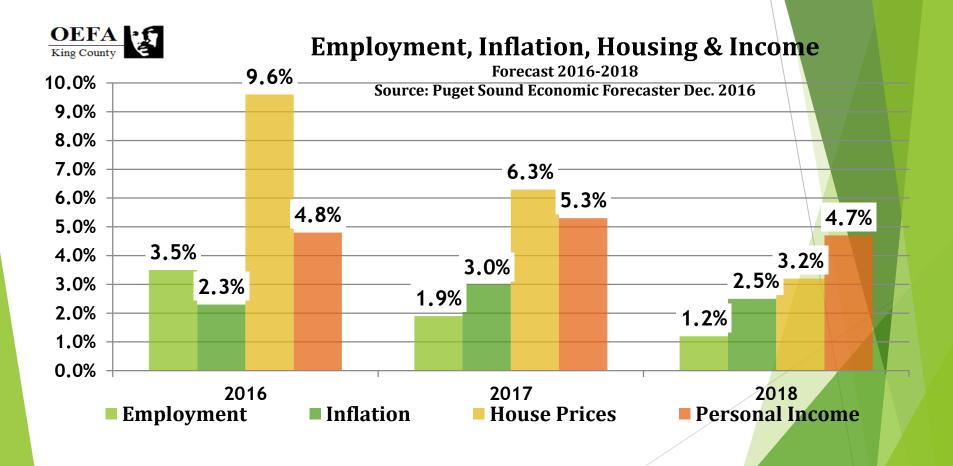
- Seattle Median Home Price: \$722,000 Up 11% in the last 12 months. Required income for an average Seattle House: \$140,0000
- Average Rent is \$2,195 a month. Required income for an average Seattle apartment: \$80,000
 - Average Salary for a Seattle Teacher: \$63,000



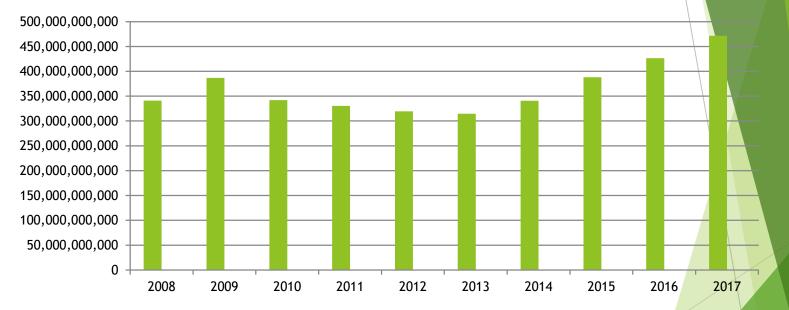
King County Growth



Continued Growth Forecast



King County Assessed Value



Source: King County Assessor

Yes, Property Taxes Are Up

Up 30% on Average Countywide Last 5 Years, up 8% Last Year. Here's Why:

- Lack of state funding is forcing school districts to ask for more in property taxes for both operations and construction. Many school districts passed huge bond issues last year to build new schools
- The 1% property tax cap is forcing local governments to pass special levies to pay for basic operations, such as parks and human services
- Voters are approving big-ticket new proposals, such as Sound Transit 3
- In some neighborhoods, skyrocketing values created by the real estate market are leading to higher tax bills.



- Under the new "levy swap" system, the state property tax will go up by \$.82 per thousand next year, and voter approved school levies will not begin to go down until 2019. All of King County will see a significant property tax spike next year
- Beginning in 2019, local school levies will be capped at \$1.50 per thousand or \$2,500 districts, whichever is less.
- 2019 property taxes will be higher than they are today but will drop from the 2018 level.

District Name:		Bellevue									
Council District:	6 -	Claudia Balducci									
						Includes \$0.82	for added st	ate school fu	nd		
						Adi. 2018	1				
2017 MEDIAN	2017 Tax Rate	2017			2017 Rate	Rate		Rate			
Assessed Value	per \$1.000 of AV	Taxes		District Levies	Breakdown	Breakdown	Adi 2019	Change			
\$ 640,000,0				State Schools	2.03205	2.85000	2.70000		State rate drops to \$2.70 starting in 2019		
• • • • • • • • • • • • • • • • • • • •		,		County-wide regular levy (non-voted)	0.75856	0.75856		0.00000			
				County lid lifts (voted)	0.10000	0.10000	0.10000	0.00000			
2018 MEDIAN	2018 Tax Rate	2018		oodiniy na nito (rotod)				0.00000			
Assessed Value		Taxes		AFIC (Figure statut)	0.04477	0.04477	0.00000	(0.04477)	Ends in 2018		
				AFIS (Fingerprint ID)				1.1.1	Ends in 2018		
\$ 791,000.0	0 9.60	\$ 7,592.25		Parks/Open Space Human Srvs/Vets	0.15029		0.15029	0.00000	Up for renewal in 2017 @ \$0.10		
	-							0.00000	Up for renewal in 2017 @ \$0.10		
A	A	•		Children/Familty Justice Ctr.	0.05221	0.05221	0.05221	0.00000			
Avg %	Avg % Tax	Average %	Average \$								
AV Chg	Rate Chg	Tax Chg	Tax Chg	Best Start for Kids	0.13285	0.13285	0.13285	0.00000			
23.6	% 10.1%	36.0%	\$ 2,011.46	Radio Communications	0.06517		0.06517	0.00000			
				County-wide Transport levy	0.04966	0.04966		0.00000			
				County bonds (voted)	0.03609	0.03609	0.03609	0.00000			
2019 MEDIAN	2019 Tax Rate	2019									
Assessed Value		Taxes		County Cons. Futures	0.04141	0.04141		0.00000			
\$ 887,000.0	0 9.18	\$ 8,141.73		County Flood Zone	0.11740		0.11740	0.00000			
est 5% av inc				County Ferry District	0.01229	0.01229		0.00000			
				Port	0.15334	0.15334	0.15334	0.00000			
Avg %	Avg % Tax	Average %	Average \$								
AV Chg	Rate Chg	Tax Chg	Tax Chg	EMS (voted)	0.26305	0.26305		0.00000			
12.1	% -4.4%	7.2%	\$ 549.48	CPS Regional Transit Authority (RST)	0.25000	0.25000		0.00000			
				Bellevue SD 405 M & O (voted)	1.14563		0.92106		Limit Change to \$1.50 or \$2,500 per		
				Bellevue SD 405 Const Levy (voted)	0.46988		0.46988		student whichever is lower		
				Bellevue SD Bond Levy (voted)	1.31330		1.31330		Bellevue SD student count 20,448		
				City General Fund	0.78419	0.78419	0.78419	0.00000	20,448 x 2,500 = \$51,120,000		
				City Lid Lifts (voted)							
NOTES:				Parks/Open Space	0.08202		0.08202	0.00000	51,120,000	Request pe	
				Fire Facilities	0.12500		0.12500	0.00000		2017 exces	
2017 rates were left as is.		Neighborhood Safety	0.15000		0.15000	0.00000	0.92106077				
Added .82 to the current state rate to isolate potential increase			Library General Fund	0.40118		0.40118	0.00000		max rate al		
				Library GO Bond (voted)	0.05000	0.05000	0.05000	0.00000	0.92106	LESSER O	F
								0.00000			
				TOTAL	8.71998	9.59829	9.17895	(0.41934)			
										1	



District Name: Mercer Island										
Council District:	6 - Claudia Balducci									
						Includes \$0.82 for	or added state so	hool fund		
2017	2017 Tax Rate per \$1,000 of AV	2017 Taxes		District Levies	2017 Rate Breakdown	Adj. 2018 Rate Breakdown	2019 Projection	Rate Change		
\$ 1,087,000.00	8.13	\$ 8,841.27		State Schools	2.03205	2.85000	2.70000	(0.15000)	State rate drops to \$2.70 st	arting in 2019
				County-wide regular levy (non-voted)	0.75856	0.75856	0.75856	0.00000		
				County lid lifts (voted)						
Adj 2018 MEDIAN Assessed Value	2018 Tax Rate per \$1,000 of AV	2018 Taxes		AFIS (Fingerprint ID)	0.04477	0.04477	0.00000	(0.04477)	Ends in 2018	
\$ 1.205.000.00	9.01	\$ 10,859.40		Parks/Open Space	0.15029	0.15029	0.15029	0.00000		
				Human Srvs/Vets	0.03964	0.10000	0.10000	0.00000	Up for renewal in 2017 @ \$	0.10
				Children/Familty Justice Ctr.	0.05221	0.05221	0.05221	0.00000		
Avg % AV Chg	Avg % Tax Rate Chg	Average % Tax Chg	Average \$ Tax Chg	Best Start for Kids	0.13285	0.13285	0.13285	0.00000		
10.9%	10.8%	22.8%	\$ 2,018.13	Radio Communications	0.06517	0.06517	0.06517	0.00000		
				County-wide Transport levy	0.04966	0.04966	0.04966	0.00000		
2019 MEDIAN	2019 Tax Rate	2019								
Assessed Value	per \$1,000 of AV	Taxes		County bonds (voted)	0.03609	0.03609	0.03609	0.00000		
\$ 1,265,250.00	8.46	\$ 10,698.47		County Cons. Futures	0.04141	0.04141	0.04141	0.00000		
est. 5% av inc.				County Flood Zone	0.11740	0.11740	0.11740	0.00000		
				County Ferry District	0.01229	0.01229	0.01229	0.00000		
Avg % AV Chg	Avg % Tax Rate Chg	Average % Tax Chg	Average \$ Tax Chg	Port	0.15334	0.15334	0.15334	0.00000		
5.0%	-6.2%	-1.5%	\$ (160.93)	EMS (voted)	0.26305	0.26305	0.26305	0.00000		
				CPS Regional Transit Authority (RST)	0.25000	0.25000	0.25000	0.00000		
NOTES:				Mercer Is SD 400 M & O (voted)	1.22156	1.22156	0.86000	(0.36156)	Limit Change to \$1.50	or \$2,500 per
				Mercer Is SD 400 Bond Levy (voted)	0.60616	0.60616	0.60616	0.00000	student whichever is lo	ower
2017 rates were left as is				Mercer Is SD 400 Capital (voted)	0.51634	0.51634	0.51634	0.00000	Mercer Island Current St	
Added .82 to the current state rate to isolate potential increase			Mercer Is SD 400 Transp. Levy(voted)	0.06223	0.06223	0.06223	0.00000	\$2500 * 4144 = 10,360,0	000	
				City General Fund	0.94458	0.94458	0.94458	0.00000	\$1.50 or .86 rate	
				City Lid lifts (voted)						
				2008 Parks Lid	0.07748	0.07748	0.07748	0.00000		
				Fire Station/Truck	0.05533	0.05533	0.05533	0.00000	10,360,000	Request per student
				Library General Fund -0	0.40118	0.40118	0.40118	0.00000	12,052,233,739	2017 excess AV
				Library GO Bond (voted)-5	0.05000	0.05000	0.05000	0.00000	0.859591693	
										max rate allowable
				TOTAL	8.13364	9.01195	8.45562	(0.55633)	0.86	LESSER OF



District Name:		Kirkland									
Council District:	6 -	Claudia Balducci	i								
						Projected				1	
2017 MEDIAN	2017 Tax Rate	2017			2017 Rate	2018 Rate	Projected	Rate			
Assessed Value	per \$1.000 of AV	Taxes		District Levies	Breakdown	Breakdown	2019	Change			
\$ 516.000.00	9.48			State Schools	2.03205	2.85000	2,70000		State rate drops to \$2.70 starting in 2019		
\$ 510,000.00	9.40	φ 4,095.59				0.75856	0.75856	0.00000	State rate drops to \$2.70 starting in 2019		
				County-wide regular levy (non-voted) County lid lifts (voted)	0.75856	0.75856	0.75856	0.00000			
				County na nits (voted)				0.00000			
2018 MEDIAN	2018 Tax Rate	2018									
Assessed Value	per \$1,000 of AV	Taxes		AFIS (Fingerprint ID)	0.04477	0.04477	0.00000		Ends in 2018		
\$ 574,000.00	10.36	\$ 5,947.79		Parks/Open Space	0.15029	0.15029	0.15029	0.00000			
				Human Srvs/Vets	0.03964	0.10000	0.10000		Up for renewal in 2017 @ \$0.10		
				Children/Familty Justice Ctr.	0.05221	0.05221	0.05221	0.00000			
Avg %	Avg % Tax	Average %	Average \$								
AV Chg	Rate Chg	Tax Chg	Tax Chg	Best Start for Kids	0.13285	0.13285	0.13285	0.00000			
11.2%	9.3%	21.5%	\$ 1,054.20	Radio Communications	0.06517	0.06517	0.06517	0.00000			
				County-wide Transport levy	0.04966	0.04966	0.04966	0.00000			
2019 MEDIAN	2019 Tax Rate	2019									1
Assessed Value	per \$1,000 of AV	Taxes		County bonds (voted)	0.03609	0.03609	0.03609	0.00000			
\$ 602,700.00	10.29	\$ 6,199,20		County Cons. Futures	0.04141	0.04141	0.04141	0.00000			V
est. 5% av inc.				County Flood Zone	0.11740	0.11740	0.11740	0.00000			Á
				County Ferry District	0.01229	0.01229	0.01229	0.00000			
Avg %	Avg % Tax	Average %	Average \$								
AV Chg	Rate Chg	Tax Chg	Tax Chg	Port	0.15334	0.15334	0.15334	0.00000			
5.0%	-0.7%	4.2%	\$ 251.41	EMS (voted)	0.26305	0.26305	0.26305	0.00000			
				CPS Regional Transit Authority (RST)	0.25000	0.25000	0.25000	0.00000			
NOTES:				Lake Wash. SD 414 M & O (voted)	1.31890	1.31890	1.43738	0.11848	Limit Change to \$1.50 or \$2,500 per		
				Lake Wash. SD 414 Bond (voted)	0.99658	0.99658	0.99658	0.00000	student whichever is lower		
2017 rates were left as is				Lake Wash. SD 414 Capital (voted)	0.84693	0.84693	0.84693	0.00000	Lake Washington SD Current Student Ct: 29,214		
Added .82 to the current state rate to isolate potential increase				City General Fund	1.27609	1.27609	1.27609	0.00000	\$2500 * 29,214 = 73,035,000	1	
				City GO Bond (voted)	0.03670	0.03670	0.03670		\$1.50 or .1.43738 rate		
				Library General Fund -05	0.40118	0.40118	0.40118	0.00000			
				Library GO Bond (voted)	0.05000	0.05000	0.05000	0.00000	73,035,000	Request per s	
				Evergreen Hosp. #2 General Fund	0.24291	0.24291	0.24291	0.00000		2017 excess	
				Evergreen Hosp #2 GO Bond (voted)	0.11563	0.11563	0.11563	0.00000		Rate for \$10,3	
										max rate allow	
				TOTAL	9.48370	10.36201	10.28572	(0.07629)	1.43738	LESSER OF	

Beyond rising taxes, other problems ...

- Low income seniors are not exempt from special levies
- Property taxes are finite capped by the constitution. We can't keep relying on voter approved levies forever.
- Using special levies to pay for basic services like schools, human services, and parks is risky, inequitable and unstable.
 - What happens when voters say no?
- The 1% cap is forcing cuts by small counties and King County of services not funded with a special levy, especially criminal justice.
 - And finally, rising property taxes adds to our housing affordability problem.



We Need to Start Talking About Washington's Future

Our current system of taxation and service delivery wasn't planned by anyone. It has evolved over time, and it's breaking down. We need to start talking about how to fix it.

I have met with the UW's Evans School, WSU's Foley Institute, and former Governors, and legislators to discuss this critical issue.

I want <u>YOU</u> to be part of the discussion.