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THE SPOKESMAN-REVIEW

REALTORS® support real estate market strategies to boost Washington's economy

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The reasons to live in Spokane, and own a home, have not changed. Our quality of life here endures. Currently, there are several recommendations by Washington REALTORS® to state policy makers designed to energize Washington's real estate market. I am pleased to report that these efforts will give a boost to housing market activity all across the state, including Spokane.

The recommendations are the product of an Economic Stimulus Work Group assembled by Washington REALTORS®, which included three of the Northwest's top economists and leaders from state agencies. The REALTORS® have asked lawmakers to adopt the economic-recovery recommendations during the 2009 session of the state legislature.

"Washington State's economic health depends on a vibrant real estate market," remarked Washington REALTORS® 2009 President, Greg Wright, noting also that the state treasury relies heavily on the real estate excise tax and the sales tax on construction labor. "The credit crunch is causing buyers to back away from both housing and commercial markets for now, and that's helped punch a huge hole in the state budget."

The purpose of the work group was to (1) identify incentives for people to re-enter the real

estate market and (2) revive a critical sector of the state's economy. Washington REALTORS®, which collectively number over 20,000 statewide, are seeking policymakers' support of several recommendations that deal with both housing supply and demand during the 2009 legislative session, including the following:

1. **Stimulate 12,000 home sales by first-time buyers by expanding down-payment assistance**, which would in part be funded by increasing the Washington State Housing Finance Commission's (WSHFC's) bonding capacity.

HB 1384 and SB 5452 are designed to trigger activity in housing markets by expanding the ability of the state's Housing Finance Commission to provide down-payment and mortgage assistance. HB 1384 and SB 5452 increase the bond capacity of the HFC from \$5 to \$7 billion. Unlike other bonds, those the commission sells do not create state debt. By law, bonds must be issued in the name of the commission, not in the name of the state. SB 5452 is already out of the Senate and past the House Capital Budget Committee. *Tip: Every potential first-time home buyer should carefully*

review the programs available on this Commission's Web site (www.wshfc.org), and discuss them in detail with your REALTOR, to see if you qualify for assistance.

2. **Allow first-time homebuyers to use the tax credit associated with the Housing and Recovery Act for closing costs.** The Washington State Legislature, the Governor, and the Washington State Congressional delegation should seek federal legislation to effect this change. Stay tuned for more information. Ask your REALTOR® about programs which may be announced in the near future.

3. **Prevent oversupply by expanding refinancing options** so families can keep their homes; also clarify the distressed properties law to remove roadblocks to home sales.

HB 1132 and SB 5221 are measures to clarify language in the distressed properties law - a consumer protection law that protects against equity skimming and mortgage scams. The clarification will remove hindrances to REALTORS® so that they can help families with their homes when they need them the most, while still protecting against the scams.

SB 6033 is legislation to prevent foreclosures through the Prevent or Reduce Owner-Occupied Foreclosure Program (PROOF) by providing professional volunteer advice and

assistance (from bankers, attorneys, and accountants).

4. **Educate consumers about financing and purchasing opportunities.**

Develop a collaborative, comprehensive public information campaign that helps consumers choose responsible and effective financing options and enhances homebuyers' awareness of home-purchase options.

5. **Protect Washington's home market, which is a key source of employment and state revenue.** "Do no harm" must be the first rule in housing policy legislation to ensure that the unintended consequences of well meaning ideas do not further impair the vitality of this critical sector of the state economy.

Although the recommendations focus on housing, both commercial real estate and home sales create a ripple of economic activity through the general economy, generating revenues and creating jobs.

The advisory group included the participation of three of Washington's most respected economists: Dr. Glenn Crellin, Director of the Center for Real Estate Research at Washington State University; Dr. ChangMook Sohn, former Executive Director of the state Economic and Revenue Forecast Council; and Dr. Kriss Sjolblom from the Washington Research Council.

According to recent research by the three economists, every 12,000 additional first time home buyers would generate 8,500 jobs, paying \$340 million in wages and benefits. Gross

domestic product of the state would rise by \$1.35 billion. This economic activity would generate \$130.2 million in additional revenue within a two year period.

Bringing the numbers down to the local level, in 2008, there were just under 5,000 residential homes (single-family homes and condos on parcels under one acre in size) bought and sold in Spokane County. The sales-price volume of those homes equaled \$1 billion in direct economic impact last year. (Additional commercial real estate volume is not included in that number.) Our median home sales price in Spokane, as reported 4th Qtr 2008, was \$185,300, which is approximately 70% of the statewide median home sales price of \$266,700 for the same period. Therefore, the economic impact within Spokane County of 5,000 homes sold can be seen as generating 3,500 jobs, paying \$141 million in wages and benefits, with GDP county-wide rising by \$380 million, and generating \$38 million in additional revenue within a two-year period.

In this changing market, you will find my local REALTOR® colleagues diligently informed on up-to-the minute industry information, and very approachable. Wherever you are in the homeownership cycle, readers should know that there are over 1,800 licensed real estate professionals who are members of the Spokane Association of REALTORS®, all subscribing to the REALTOR® Code of Ethics. Consider a REALTOR® as your professional resource for all matters related to owning a home, whether you currently own, or plan to in the future.

You are encouraged to browse local open houses 24/7, at **www.SpokaneOpen.com**, the official open house Web site of the Spokane Association of REALTORS®. Remember, the reasons to own a home in Spokane have not changed. Our quality of life here endures.

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Source: WA Association of REALTORS®
www.WaRealtor.org.