

Washington State Real Estate Commission meeting transcript

August 15, 2024

Jennifer Clawson (00:00:02):

Going to call this meeting to order. This meeting is open to the public. We'll take time at the end of the meeting for brief comment period. Participants will have three minutes to address the commission. As a reminder, commissioners are not to engage in conversation during public comment. As a courtesy, we ask that all participants keep themselves on mute to reduce the background noise. This is our first hybrid meeting with the commission since we met in person last in 2019, so thank you all for coming, those of you that were able to make it. Just as a reminder of the commissioners, if you want to comment on a topic, we'll be using Teams, raise your hand, but if you go ahead and signal to me, I'll make sure that I get you called on. The other thing that we'd like to remind you is that if you'd state your name at the beginning for the record, so that we have record of that, would be helpful. So with that, we'll move to roll call.

Sydney Muhle (00:00:58):

Thank you, Chair Fawcett. And I will start with you. Chair Fawcett?

Jennifer Clawson (00:01:01):

Present.

Sydney Muhle (00:01:04):

Thank you. Vice Chair Chang?

Eddie Chang (00:01:05):

Present.

Sydney Muhle (00:01:06):

Thank you. Commissioner Brazil?

Casey Brazil (00:01:08):

Present.

Sydney Muhle (00:01:09):

Thank you. Commissioner Bruce Jones?

Bruce Jones (00:01:12):

Present.

Sydney Muhle (00:01:13):

Thank you. And Commissioner Schmitz?

Jennifer Clawson (00:01:14):

[inaudible 00:01:15] see her.

Sydney Muhle (00:01:14):

I can see you.

Jennifer Clawson (00:01:15):

We can see her, but we can't hear her.

Shelly Schmitz (00:01:25):

Oh, can you not hear me?

Sydney Muhle (00:01:27):

Oh, now we do.

Shelly Schmitz (00:01:28):

Can you hear me?

Sydney Muhle (00:01:29):

Yes, I can hear you.

Shelly Schmitz (00:01:30):

Okay. I'm present.

Sydney Muhle (00:01:32):

Thank you. And back to you, Chair Fawcett.

Jennifer Clawson (00:01:36):

Great. So we will move to our next agenda item, which is the approval of the agenda. Is there a motion to approve today's agenda?

Eddie Chang (00:01:45):

So moved. Second.

Jennifer Clawson (00:01:47):

So we have it moved and seconded. Is there any-

Sandy Bauer (00:01:49):

Clarity, since this is all in one area and Teams isn't highlighting speakers, can you please state your name prior to your motions and seconds?

Eddie Chang (00:02:03):

Okay. Vice chair Chang. So moved.

Bruce Jones (00:02:04):

Commissioner, chief Bruce Jones. Second.

Jennifer Clawson (00:02:08):

Thank you. Great. Is there any discussion on the agenda? Okay. All in favor say aye.

Participants (00:02:18):

Aye.

Jennifer Clawson (00:02:18):

Any opposed? Are there any abstentions? Okay, great. So the agenda has been approved. Just a reminder for all of you too, we do have a little bit of a delay. So as we're waiting for our folks on the phone, it might take us a little bit. Next, we'll move to the approval of the May 16th meeting minutes. Is there a motion to approve the May 16th, 2024 minutes as presented?

Eddie Chang (00:02:49):

Vice Chair Chang. So moved.

Jennifer Clawson (00:02:52):

Do I have a second?

Casey Brazil (00:02:56):

Commissioner Brazil. Second.

Jennifer Clawson (00:02:59):

Any discussion? All in favor?

Participants (00:03:05):

Aye.

Jennifer Clawson (00:03:13):

Okay. Any opposed say nay. Are there any abstentions? Okay, great. So our meeting minutes from the May 16th, 2024 have been approved. Now we'll move into our number five topic, which is awards and recognition. And this is where we get to say thank you to Commissioner Sabrina Jones-Schroeder. She on virtually?

Sandy Bauer (00:03:43):

Yes, she's on virtually.

Jennifer Clawson (00:03:44):

Oh, there she is. Well, great. Well, I'll just kick this off and just, I would like to say a huge thank you to you, Sabrina, serving as a commissioner. I've had the privilege of being in this space with you the entire time you've been on the commission, and I was thinking this morning about back in 2019 when you said something like, "Gosh, it'd be really nice if we could figure out how to do some virtual meetings," and then 2020 happened and we had to figure that out. So I'm sorry you're not here with us in person, but thank you for your contributions to the commission. I've

truly enjoyed working with you during this time. And now, I'll open it up to the other commissioners if you'd like to say [inaudible 00:04:26].

Casey Brazil (00:04:26):

Sure. Commissioner Brazil. I'd just like to thank Sabrina also. She is a real treasure to our commission, so it's a big loss. Just her in-depth knowledge from continuing education, she's very well known in the Spokane market, so for representing Eastern Washington, those are big shoes to fill for someone else.

Eddie Chang (00:04:48):

This is Vice Chair Chang. I want to thank you for all the passion and the knowledge and the dedication you've brought to the commission, and all the drive and the can-do and let's-get-this-done attitude that I really appreciate. Thank you so much for all your hard work.

Shelly Schmitz (00:05:07):

This is Commissioner Schmitz, and just everything everyone has said, and you have been such a role model, as I came in new, to follow and see how you lead. It's been so, so valuable. So I hope we still see you on the meetings, and you're always welcome to share. In the public comment section now. For three minutes.

Sandy Bauer (00:05:41):

And on behalf of the DOL staff, this is Sandy Bauer, I would really like to share my appreciation for you as well, especially helping me personally navigate the education piece was extremely helpful. I admire your passion and your knowledge, and I really want to thank you for just stepping into that space and helping us move forward. Oh, we do have a plaque. I don't know if you can see it. It's like the Washington State.

Jennifer Clawson (00:06:22):

It will be mailed to you.

Sandy Bauer (00:06:23):

And we will mail it to you. And again, I just want to express my appreciation to you, and for all the work and the passion that you brought. Thank you so much.

Sandra Schaefer (00:06:34):

And this is Sandra Schaefer, program specialist. I'd just like to echo what everyone has said. I've really appreciated the opportunity to work with you, your passion and your drive, really care a lot about this industry [inaudible 00:06:52] very inspirational.

Speaker 1 (00:06:54):

Welcome to a committee meeting.

Sabrina Jones-Schroeder (00:06:59):

Well, thank you. I see the plaque. Thank you for holding that up to the screen. Thank you. So I'll just take a minute to say it's just been my pleasure and my honor to serve as a Commissioner

for the last six years. It feels like yesterday that I was appointed, and then boom, six years is gone. And all of your kind words makes me regret maybe not re-upping for another term.

Speaker 2 (00:07:31):

Oh shit, Sheldon, there's a banana, Sheldon.

Sabrina Jones-Schroeder (00:07:35):

Ooh.

Jennifer Clawson (00:07:36):

We might want to make sure that we're all on mute.

Sabrina Jones-Schroeder (00:07:41):

Otherwise, we're going to hear about your banana. Anyway, so again, my pleasure and my honor, really loved serving with my fellow commissioners. Thank you so much. Keep up the good work. And I just want to recognize DOL staff. I can't name you all by name, but you all work so hard. You have so much on your plate. I will name Sandy and Sandra by name. You guys are amazing. You're gems for the department. It's been such a pleasure working with both of you on subcommittees. You guys work really hard, and I appreciate that there's been a lot of tough stuff to deal with, and you are amazing, and I know the ongoing commissioners will continue to reap the benefit of the hard work of the commission.

(00:08:36):

Having said that, there is still a lot of hard work ahead. So we know the issues, we identify the issues, and I encourage you all to stay the course, charge the mountain, keep working to make our Department of Licensing better for our stakeholders. And again, my pleasure and my honor to serve. I will certainly miss this, but on to bigger and better things. So thank you so much for the recognition, and I just appreciate you all. Thank you so much.

Jennifer Clawson (00:09:08):

Thank you, Sabrina. You will be missed with us for sure. So we will now move on to agenda item number six, old business. And this is an update from myself on a staffing level update. One of the couple of things we've talked about at commission meetings, and Sabrina's been a big charge of this, of having different conversations with me about the staffing level and the level of service that we're being able to provide to all of you, and we have recognized that we've been struggling in that area, not only this profession, but in some of our other professions. But we are right now in the process of hiring some additional team members to support the real estate program. They're doing interviews this week, so we should have them on by the 1st of September, is what it's looking like. And that's a few more on the licensing side of things, but we're also going to let Nate have another investigator on the investigation side of things.

(00:10:11):

And I believe we've added an auditor. There's been some talk about adding an auditor on as well. Our fund balance is able to support that, and it's important that we are supporting you all in a way that you should be supported. So that's been on the forefront. We have been able to take some action. One of the struggles that we had is, the way that our budget works is, we had

plenty of money in the fund balance, but we didn't have the spending authority to be able to add those additional staff members. We have been able to get some temporary spending authority with the assurance that we'll continue to get it with the legislative session coming up.

(00:10:51):

So those were just a few hurdles that we had to overcome ourselves. We haven't looked at our allotments in many, many years, as far as what we get permission to spend, and so with the increased amount of workload, it's been an easier justification. So we've been moving forward on that, they should be on the first part of September as far as the licensing team side of things, and the investigators side, I think we're still working on that.

Jason Lin (00:11:20):

Yesterday.

Jennifer Clawson (00:11:20):

Oh, we posted it yesterday. So that will help us be able to be able to respond hopefully quicker through those investigations, with additional team members there. So I'm happy to provide that information, and I'm hopeful by the next commission meeting, we'll have been able to see some of the results from those additional team members, and we can bring a report back for that. Any questions from anybody on that? Okay, then we'll move to number seven, our new business. And Sandy, that looks like it's you.

Sandy Bauer (00:11:59):

Yes, we are so excited. We have Director Steven Bourassa here from the Washington Center for Real Estate Research, to give us a presentation on the housing market report. And with that, I'll turn it over to Mr. Bourassa. Thank you.

Director Steven Bourassa (00:12:16):

Thank you, Sandy. It's a real pleasure to be here, and for the first time, actually meet everybody in person. Almost everybody. Realize there's a couple people online. As Sandy said, I'm the director of the Washington Center for Real Estate Research. I took over from James Young about two years ago. I wasn't really hired for that purpose, I was hired to chair the Runstad Department of Real Estate. But coincidentally, James announced that he was leaving to take a different job at the same time as I arrived, and I said to my boss, the dean, I said, "Okay, I'll do that." So it's almost like I have two full-time jobs at the moment. But I really enjoy the work I do, and including the work we do for the Department of Licensing. So I don't really want to give that up.

(00:13:20):

So let's go to the next slide. So I'm going to talk a bit about changes we've made. Some of this I've reported to the Real Estate Commission before, but I want to give you an update on the changes we've made or are making to the two reports that we provide. Related to that are some improvements we're making to our website, and just also want to give you a quick overview of some of the other things that WCRER is working on. Then I'll give you the latest statistics from our second quarter reports, and then talk briefly about the legislation that supports the funding we receive from our licensing.

(00:14:13):

So we probably made the biggest changes to our apartment market reports. The main thing we've done is to shift from semi-annual to quarterly. And at the same time, we're sourcing all of the data from the same source, which happens to be CoStar, which, based on my analysis, is the best source of data for apartment market rents, vacancy rates, and related statistics. So I think we have better data now, we're providing more frequent reporting. We've redesigned the report, we did that some time ago, made it look a bit more modern, we slapped a University of Washington report cover on it. Maybe it's a little bit too much purple for some people. I think maybe it is too much purple. We may modify it in the future.

(00:15:17):

Some days on campus you see everybody's wearing purple, and first time I saw that, my reaction was that purple's not the most flattering color. I agree it should be different color, but anyway, purple it is. Recently, in the first quarter 2024 report, we shifted from reporting just for a subset of the largest counties in the state to reporting for every county for which data is available. So we're, instead of doing let's say 19 counties, we're now doing something like 34, 35 counties. So we're providing more information about parts of the state that weren't covered previously.

(00:16:10):

We're not quite finished with the apartment. We've also added Affordability indexes for the first time to this quarterly, most recent quarterly report. We were calculating the affordability indexes for some time now, but we hadn't put them in this report. I thought, "Well, why not?" So we've got two indexes we talk about. One is for median households with median income, the other one is for a household with low income. 70% [inaudible 00:16:46]. We're also going to add, in the next quarterly report, information about permits for the first time, and maybe also some information about completions. The permit data we can update quarterly, the completions data basically we rely on what [inaudible 00:17:05] produces, which is an annual thing.

(00:17:08):

So move on to the housing market reports. We also redesigned, reorganized and condensed the housing market reports. We took out some stuff that wasn't really relevant to the single-family market that we're focusing on in the report. We used to have a lot of highlights, too many in fact, for anybody to digest. So we've reduced the number of highlights to the most important things, and like I said, we rearranged the report, I think made it more attractive and accessible. The main issue with this report is that we rely mainly on summaries that we receive from multiple listing services around the state. Ideally, we would work with the individual sales transactions data, not with summaries. And so we're exploring a couple of alternatives for getting the sales transactions data, and we may make some changes to how we do this as soon as the next quarter. Definitely by the end of the year, we're going to work on that.

(00:18:24):

Next slide, please. And feel free to interrupt me if you have a question at any point. On our website, we're soon going to be making available a dashboard interface. So the main data that we produce at the median prices, the average rents, et cetera, will be accessible via a dashboard. So you don't have to dig through the reports to find out what you're looking for. You

just go to the dashboard, select your county, we're also providing city data, and whatever statistic you want, and the information will be displayed. For the information that's going to be on the dashboard, we'll also provide graphs that show how the numbers have changed over the past 10 years or so. And you can compare, for example, one county with another county, or with the statewide numbers on those graphs if you want to.

(00:19:26):

So this will be, I think a much more user-friendly approach, because I think people often are looking for just one thing. They want to know what the median house price was in their county last quarter. So this will make it much easier to get to that information. We've also rearranged the website so that the data that we produce for licensing, and the other data that we produce for Commerce, are, they're not really separated the way they were before. We used to have one part of the website for the licensing data and one part for the Commerce data. And the users of our website don't care who paid for it, they just want to get the data. So we've put it all together. It's much easier to find what you're looking for now. At least we think it is.

(00:20:24):

We're also working on improving the access to archive reports, we've got some clumsy tables now, which you can go through to try to find what you're looking for. We're just going to have drop-down menus pretty soon to get access to that. We're still working on updating the graphics as part of a school-wide update to our website. We've also added a social media presence on LinkedIn. So when we publish new reports, we give a brief summary about that on LinkedIn so that anyone who's interested in looking at our data as soon as it comes out, will know that it's been released.

(00:21:09):

And just to give a sense of what the usage is, all of the data that we provide for licensing or for Commerce is housed on a page we call the Housing Market Data Toolkit, and this is for the past three months, so mid-May through now. We had about 1,680-some views. There was some duplications there, so we had 926 users. The housing market reports, of all the stuff that we produce, get the most attention. So during that three-month period, we had over 1,000 views, 453 users. The apartment market reports 459 views, 209 users. Now, I'm not sure what numbers one would expect. The people who are looking at this are people who are in the industry, or doing research, or writing in the media. So it's a pretty specialized group of people who actually have an interest in this stuff that we produce. I think it at least shows that the data are being used. People are looking at it, we don't have a good measure of how many downloads of the reports there are, but they don't have to download it to use it, so the data are being used.

(00:22:42):

Next slide. So other things we do, I mentioned the Department of Commerce. A lot of the stuff we produce for them is at the city level, in contrast to the county level data we provide for licensing. They're mainly concerned with data that helps local governments plan for affordable housing. So we provide a wide range of different statistics that are useful for that purpose. We are also going to inaugurate, this autumn, the first State of the State's Housing Annual Report, which is something we're doing funded by Commerce, and we're supposed to provide a report

every two years, actually, to the legislature. But I decided that it made a lot more sense to do it every year, even though we don't have to. So we're going to do the first one, this is obviously going to draw on data we produce for the housing market report and department market report, as well as data we produce for Commerce, and data from other sources.

(00:23:59):

So we're try to summarize what's been going on in housing markets in the state, and what's been going on in terms of legislative efforts. And particular, we're focused on affordability issues, because that's what Congress is mainly interested in, that's what the legislature is interested in. And like I said, that will be released in October. We recently published a transit-oriented development policy report funded by challenge Seattle. This was designed to help legislators produce legislation that might actually pass in the legislature. I know they've been working on this topic for a while, but they haven't gotten too far with it. So it was pretty well received. We've done other reports and we're planning to do other reports for Commerce and we're hoping to expand into other areas of research as time permits, and depending upon interest in possible funders.

(00:25:15):

Next slide please. Okay, so the latest trends, this is not quite 10 years worth of data here. We typically divide the state into Washington Puget Sound region, which is five counties, and the rest of the state, the Puget Sound region, in particular, King County, as you know, pretty much have a major impact on what the statewide numbers look like. So it's one reason for breaking down the information like this, because if you just look at the statewide numbers, they seem pretty high. And at least from the point of view of most counties in the state, you would think, "Well that doesn't reflect what's going on in my county." So we break it down and of course we provide all the county-level data in the report, but as you can see, there's been a bit of an uptick in rents in recent couple of quarters.

(00:26:16):

Things were pretty flat for a while, as there was a lot of new apartment development coming online, particularly in the Puget Sound Area in Seattle in particular. And that as that new supply came online, rents tended to flatten off. But now, supply has tapered off, and rents are starting to go back up again. And of course, supply is down for multiple reasons. One reason is that the rents didn't necessarily justify new development, but also as you know, interest rates... We'll come back to interest rates in a moment. Interest rates have been very high, which makes it difficult to get these kinds of projects to pencil out.

(00:27:06):

Next slide please. Vacancy rates, there was a big increase in demand at the beginning of the pandemic. People had money to spend, there was a lot of household formation going on during that time, and supply obviously couldn't increase fast enough to respond to that. So we saw a big dip in vacancy rates. This occurred throughout the state, pretty much. But then as new supply came online, we've come back pretty much to where we were before the pandemic, in terms of vacancy rates. So we're more now at what you might characterize as a normal vacancy rate for apartments.

(00:27:58):

In terms of affordability, this to me is one of the most interesting graphs that we produce because it's not what people expect, not even what I expected before I first looked at this graph. But affordability levels have been stable for about at least 10 years. And we're just looking at the median income renter and a low income renter. So low income renter has 70% of the income of median income renter. And using these statewide numbers, the average price department is affordable, has consistently been affordable, to the median income renter. And there really hasn't changed much at all. And it's consistently been unaffordable to the low income renter, but become a little bit more affordable just recently, as rents have been stable, but incomes have been going up, starting to drop a little bit again.

(00:29:15):

Of course, the low income renter doesn't need to rent an average price apartment, they can rent a cheaper one. So there's not much of a gap between what's affordable and what's not affordable for that particular type of household that we're displaying here. But I think the takeaway from this is that the supply of rental housing has pretty much kept up with demand. And of course in part that has a lot to do with policy, because the state government and various programs that Commerce runs, et cetera, have really been trying to increase the supply of rental housing. And I think part of the explanation for what you see here is the effects of those efforts, so things like the multifamily tax exemption program, I think have been important.

(00:30:15):

Totally different story when we look at buyer affordability. Let's go to the... Yeah. So median house prices, steady upward trend, until we got into COVID, then the slope of the trend got a bit steeper. But then more recently with the high interest rates, which make homeownership less affordable to buyers and make current owners who have low interest rate mortgages reluctant to sell, and the vast majority of current owners who have mortgages have low interest rate mortgages. So this continues to be an issue, the high interest rates. Although we're seeing improvement in interest rates in recent weeks, and there's every indication that the Federal Reserve Bank is going to lower interest rates at their next meeting in mid-September, and probably continue to lower those interest rates. The inflation rate is down, which is one of the key things they look at.

(00:31:22):

And of course, the unemployment rate has been going up. It's not one of the main things they look at, but it is one of the things they take into account. So everybody, I think, who's looked at this, would be very surprised if they don't lower rates, which is going to have an impact on mortgage interest rates, and will definitely help this market. I also added King County on here. For the very first time ever, for median house pricing, King County is for all practical purposes \$1 million. It almost got there a few years ago, but now it's virtually there. 999,300. That's a reflection of the tightness of the market, the fact that there's not much for sale compared to the number of people that are looking to buy. And that's continued to push the market up, even with these... The prices up even with these high interest rates. Whether that's a good thing or a bad thing depends on your point of view. But like I said, we're virtually at a million dollars in King County. And as I mentioned earlier, King County has a major impact on the statewide statistics.

(00:32:53):

Affordability for buyers, completely different story from what we saw for renters. The increases in house prices at the beginning of the pandemic pushed affordability for the median income buyer statewide below the affordable level. For the first time buyer who's at a lower income, purchasing a cheaper house lower down payment, that cheaper house was never affordable, at least hasn't been... It was affordable sometime in the distant past, but in this 10-year period shown here, it was never affordable to that household. So first time buyers are really struggling, and now even the median income buyer is struggling. And things only got worse when interest rates went up. And that's what you see. That's why we're at this low level now. Interest rates haven't really changed much during the latter part of the period shown here, but prices continued to go up, causing that dip we see in the most recent quarter. So that's not a good thing.

(00:34:13):

So WCRER was established some time ago by the state legislature. And at some point it moved to the University of Washington. Legislation has been renewed multiple times for different lengths of time. The most recent renewal was nine years ago for a 10-year period. I'm not as sure exactly how this works, but somehow this legislation provides the basis for the funding that Department of Licensing provides. It expires next year. We're working through our lobbyists at the university to try to get it renewed, but we hope there's support from the Real Estate Commission. And also, been working with Washington Realtors, and they, I'm not sure that every real estate agent in the state is supportive of this, but I think Washington Realtors as an organization is supportive, based on the interactions I've had with them.

(00:35:25):

So I'm hoping we'll be able to continue this work. The funding we get from Licensing is our largest single source of funding, and it's really important for what we do, and particularly important is that over the time period we've been funded by Licensing. The cost of hiring staff has only gone up, and our funding level has remained the same, but we've managed to make it work. So we're working on that. And I was just wondering if maybe the Real Estate Commission had any thoughts about, and you don't need to answer this question right now, I'd be happy to get input whenever you think of anything that might be relevant. But is there additional data or reports or changes to our reports that you are aware of that you might want us to work on? Because we're happy to do things differently or add things to what we do, expand the reports, change them open to, definitely open to suggestions. We don't have to do things exactly the way we've always done them.

Eddie Chang (00:36:52):

Vice Chair Chang. Previously, ECONorthwest did a study on the housing a few years ago. I know that was commissioned by Lieutenant Governor Heck, they had an interesting stat, which was the number of doors compared to the number of households in the state, and that was an interesting indicator of overall supply and demand curve. Do you have any thoughts on something like that?

Director Steven Bourassa (00:37:20):

We're including statistics on that in the State of the State's Housing Report that I mentioned.

Eddie Chang (00:37:26):

Okay.

Director Steven Bourassa (00:37:26):

So that'll be featured in there.

Eddie Chang (00:37:28):

Yeah.

Director Steven Bourassa (00:37:28):

Yeah.

Eddie Chang (00:37:29):

And then the second question I had was, with the passage of house Bill 1110 and 1337, some multifamily in the urban growth area as well as ADU and DADUs, is there going to be differentiation between the types of housing, and which one of those bills seem to be making more of an impact?

Director Steven Bourassa (00:37:50):

Well, I think the multifamily, the first one is probably going to have more of an impact than the ADU one, I'm guessing. As I mentioned in our brief conversation before the meeting started, we were asked by Commerce to do a study of the impacts of the planning grants they provided some years back to local governments. And we published that on our website earlier this year. As you know, the legislature has shifted from a carrot approach, which was a planning grant approach, to more of a stick approach, like you have to do this if you meet the criteria. And I suspect that Commerce at some point may ask us to evaluate the impacts of, we've had some preliminary discussions with them, but I mean it's too soon to do anything now because I mean the aspects of the new legislation haven't even gone into effect yet, or local governments haven't had a chance to do much about it.

(00:38:58):

But I anticipate they may ask us to do some kind of analysis of the impacts of that in the future. I'm not sure if that fully answers your question, but I guess what I'm saying is, maybe we'll find the answers to the questions when we are able to do a more thorough analysis.

Eddie Chang (00:39:18):

Thank you.

Casey Brazil (00:39:21):

Commissioner Brazil. I think I'd like to just state for the record that what you guys produce is really important for the state. From the commercial industry side, we look through these numbers all the time, and even where I'm from in Spokane, it's really important for everything we're trying to do over there. So I hope Department of Licensing and Legislature provide the funding.

Director Steven Bourassa (00:39:44):

Okay, great. Yeah, we do, we produce some special statistics for the Spokane area, for the Spokane Kootenai Real Estate Research Commission, they call it.

Casey Brazil (00:39:57):

Yeah, it's the Spokane Kootenai County Research Committee.

Director Steven Bourassa (00:40:01):

Committee. Right. Yeah. Every year. And I've been going to their annual forum last couple of years, which I've really enjoyed. Anything else?

Jennifer Clawson (00:40:17):

Can I make a point of clarification, just because I'm nerdy this way? Just in case the commission isn't aware, it's not the Department of Licensing that is providing your funding. It is you as licensees that are providing that funding, we're just the pass-through. So if you want to continue to see this, these are your renewal dollars and your first-time licensure that pays for the Washington Center for Real Estate Education.

Casey Brazil (00:40:46):

Commissioner Brazil. Is that spelled out when someone renews their license?

Jennifer Clawson (00:40:53):

Yes it is. So when you're renewing your license and you see that secondary cost, it's a \$5 fee that is added on your renewal license that you have to make sure you don't uncheck or your license won't renew. That is what is funding-

Casey Brazil (00:41:10):

So it is an optional cost to get checked.

Jennifer Clawson (00:41:12):

It is not an optional cost, it is statutorily required. So our system breaks it out so that our accounting department can make sure that the funds go where they need to go.

Casey Brazil (00:41:23):

Okay. And is it that piece that has to be renewed a year from now? Do we know?

Jennifer Clawson (00:41:28):

Correct.

Casey Brazil (00:41:29):

Okay.

Sandy Bauer (00:41:34):

Are there any other questions? Thank you so much. We really appreciate you coming today. I just want to reiterate that if anybody has any questions for Mr. Baurassa, feel free to email them

to me or Sandra and we can forward them on to Mr. Baurassa. Thank you so much for your time.

Director Steven Bourassa (00:41:52):

And I should mention that we field a lot of questions from brokers around the state that just want some specialized information, and we're always happy to provide that. We usually have what they're looking for, even if it's not in one of our reports. So that's another thing that we do in addition to working with the media. We get a lot of media inquiries too. Apologize, I have to leave to go back up to Seattle, but real pleasure to be able to speak with you in person.

Sandy Bauer (00:42:23):

Thank you for spending your morning with us. Thank you so much. And back to you chair Fawcett.

Jennifer Clawson (00:42:28):

We'll move to item number 7.2 license reciprocity, and it looks like maybe you and Jason are going to give [inaudible 00:42:37].

Sandy Bauer (00:42:37):

Yes. So around this time last year, we introduced a new team member to you, military and military spouse liaison Jason Lin. We have invited him back a year later so that he can give you an update on the work that he's been doing for the last year. And with that I'll turn it over to Jason Lin.

Shelly Schmitz (00:43:01):

It's working.

Saundra Schaefer (00:43:05):

And just a reminder to folks who are logged in or [inaudible 00:43:11] called in-

Shelly Schmitz (00:43:11):

It will be a surprise. That's fine. Well-

Saundra Schaefer (00:43:14):

So that we do not have-

Shelly Schmitz (00:43:15):

You'll be back home and it'll work. It's something office-

Saundra Schaefer (00:43:21):

We have some crosstalk going on.

Jennifer Clawson (00:43:25):

Got it. Go ahead, Jason.

Jason Lin (00:43:28):

All right. Thanks, Amy. And thank you everyone for having me here today. I'm really excited to talk about this topic. As I think we all know through our training that we took last year, the military community is, especially the spousal community, is really impacted by a lot of issues, but one of them is reciprocity of licensure. These families often move at the needs of the nation, sometimes within a year or two from being one place to another. A lot of times they can move anywhere from six to eight times over the course of 12, 14, 16 years, and maintaining their career from state to state can be a real challenge. So it's become an issue both here at the state level and federal level with legislation. And so over the past several months, we put in a lot of effort to make sure we're both compliant with federal law and also helping to address some of the challenges for the military community when they move to Washington, to make sure we can get them to work as quickly as possible.

(00:44:30):

One example of this is a real estate agent that just came here this month from New York, who reached out several months ago and requested to get licensed here in Washington State. She's a licensed real estate agent in New York, but she was moving here and wanting to transfer her license under federal law, which is a provision under the Service Members Civil Relief Act that we call SCRA. And so she was able to apply last week, provided a documentation for eligibility, and we got her license within days of application, whereas in the past, this may have taken weeks, even months, for her to get to work. So we're still continuing to do work, there's still more challenges, and it's still a high priority for both legislators, military leaders and the military community.

(00:45:25):

And so we're excited about what we're doing here, we're excited about what we're going to do in the future, and we look forward to really helping all Washingtonians get to work as quickly as possible, and we're excited about what we've done in this area. I'll go ahead and conclude here. Again, thank you for having me, and I'll turn it back over to Sandy.

Sandy Bauer (00:45:45):

Thank you so much. Are there any questions for program specialist Jason Lin. All right, thank you very much. Back to you, Chair Fawcett.

Jennifer Clawson (00:45:55):

Thanks for your work on this, Jason. It's been really valuable for us, the division, to have some of this work in ensuring those military spouses can get to work when they come here to Washington. Our next agenda item is the 7.3, the composition of our subcommittees. And so this is where we need to look in our packet for the different subcommittees to ensure that there are still the subcommittees that we're interested in for this calendar year. Is that correct, Sandy?

Sandy Bauer (00:46:24):

Yes. What we are doing for this agenda item is we are revisiting each of the subcommittees. Do we need to change the scope of their work? Do we need to keep them? Have they completed the scope of their work? Once we have decided whether or not to maintain them, once we have our new commissioners on board at our next meeting, then we can reassign membership at that next meeting.

Jennifer Clawson (00:46:53):

Okay. So then we're just going through each of the subcommittees, asking the commission how they're feeling about if the work's been complete.

Sandy Bauer (00:46:59):

Correct.

Jennifer Clawson (00:47:01):

[inaudible 00:47:01] to keep them going. Okay. So we'll start with the first one, which is Team Names. It was created in early 2023 by the commission to create clarity between team names and assumed names. Is this work still continuing?

Eddie Chang (00:47:17):

This is Vice Chair Chang. The work is still continuing and there's still work to be done on it.

Jennifer Clawson (00:47:22):

Okay. Record Keeping Definition is the next subcommittee. So this was created in early 2023 by the commission to clarify WACC 308, 124C, 105, specifically the subsections under Section Two, defining which records are designated broker is required to keep on behalf of the firm. Is this still ongoing?

Eddie Chang (00:47:46):

Yes.

Jennifer Clawson (00:47:47):

Yes. Okay. Education. The subcommittee was created early 2023 by the commission to update core and fair housing. Do we know where we are on this one?

Shelly Schmitz (00:48:02):

This is Commissioner Schmitz, and yes, that one is still ongoing.

Jennifer Clawson (00:48:07):

Great, thank you. The next subcommittee, and our last one on this list, is Licensed Transaction Coordinator. This was created by the commission in late 2023 to define what a transaction coordinator, TC, is, determine what DOL can do regarding license brokers performing TC work, ensure that TC work is being performed correctly, appropriately, determine whether TC should be licensed, and clear up the ambiguity on who is responsible for oversight on work completed by a licensed real estate agent who performs TC work. Do we know where we are with this one? Is this one still continuing?

Shelly Schmitz (00:48:46):

Yes. Yes. This is Commissioner Schmitz again, sorry. Yes, that one is still continuing.

Jennifer Clawson (00:48:53):

Great.

Sandy Bauer (00:48:54):

So we also have our substitute Senate bill 5191 subcommittee, and substitute Senate bill 5399 subcommittee.

Jennifer Clawson (00:49:04):

And those are still ongoing?

Sandy Bauer (00:49:10):

The 5399 subcommittee is still ongoing, and the 5191 subcommittee has concluded their work.

Jennifer Clawson (00:49:16):

Great. So it looks like we'll continue with all the committees with exception of substitute Senate bill 5191 that's been complete.

Sandy Bauer (00:49:26):

Great. We'll add this to the agenda for the next meeting for member composition.

Sandra Schaefer (00:49:31):

Chair Fawcett, I think we had talked about potentially renaming that one. [inaudible 00:49:37].

Jennifer Clawson (00:49:37):

Okay. Thank you.

Eddie Chang (00:49:40):

This is Vice Chair Chang. For 5399, that report is due on this by December 1st, which means by the time we get to our November meeting, it'll basically be done. So while the work is continuing, we'll not need to be reassigning.

Jennifer Clawson (00:50:00):

Okay.

Sandy Bauer (00:50:03):

I suspect that will be the final report on the subcommittee.

Eddie Chang (00:50:06):

Yeah. Okay.

Jennifer Clawson (00:50:10):

Great. Thank you all. We'll move on to agenda item number eight, reports, and we'll start with the first subcommittee report 8.1 and that 8.1.1, the Education subcommittee.

Casey Brazil (00:50:28):

Excellent. This is Commissioner Brazil, to give you a quick update of what we've gone through since our last meeting. Real Estate exams PSI. PSI memo regarding course update compared

to broker and managing broker course outline to recent PSI updates. We determined no changes were needed to the course outline. There is a memo detailing the PSI changes on pages 47 through 54 of this packet, the managing broker exam, we continue to explore the issues with the managing broker exam. We are monitoring the pass-fail rates determined whether the dip and passes was organic due to several factors, and will rise on its own over time. There has been a slight upward trend over the last few quarters. More time is needed to determine if it'll continue to increase.

(00:51:18):

Pass-fail rates, Tim Allen provided pass-fail rate reports for the 2024 first and second quarter. Your printed packet contains the condensed report with data relevant to this meeting. The full report including detailed data for individual schools can be found on pages 55, 164, the digital packet that was emailed to you earlier this week. Association of Real Estate License Law, ARELLO Conference update. Commissioner Schmitz and Education manager Tim Allen will attend ARELLO's 24 annual conference. It'll take place September 23rd through the 25th in Chicago. Commissioner Schmitz will report on the conference during our November commission meeting. And a request from Commissioner Joan Schroeder, she asked that we continue to pursue the option for trainers to receive continuing education clock hours for classes. And the subcommittee, we plan on honoring this request, and keep that on the docket. Any questions?

Jennifer Clawson (00:52:32):

Okay. Well, thank you. Thank you. Our next report out is for 8.1.2, the license transaction coordinator subcommittee.

Sandy Bauer (00:52:42):

I guess we have not had an opportunity to meet with the subcommittee for a couple of months. We've been tasked in other subcommittees, a lot of dual membership in several... A lot of commissioners are assigned to several different... So this one is one has been sitting on the back burner for a little bit. We are continuing to do our research on the RCWs and the [inaudible 00:53:11] that are associated with transaction services that real estate brokers and managing brokers can provide. And we're trying to cross reference which of those services can also be provided by a transaction coordinator. So we're still in the research phase, and I expect that our next meeting will be able to have a better report out.

Jennifer Clawson (00:53:35):

Great. Okay. On to... Or any questions for [inaudible 00:53:41]?

Sandy Bauer (00:53:40):

Are there any questions?

Jennifer Clawson (00:53:44):

Okay, how about we'll move to 8.1.3, team names of committee.

Eddie Chang (00:53:51):

This is Vice Chair Chang. We have identified the issues and things that we would like to fix, and we're going to start drafting our basically wishlist of what we want to do and what kind of things.

And hopefully we are able to do this within the rulemaking itself, rather than have to go through legislation. But right now, we're trying to craft the... We're just going to start the process of crafting the framework of what we would like to see.

Jennifer Clawson (00:54:19):

Great. Any questions on that? Okay. We'll move to 8.1.4, Senate bill 5399 subcommittee.

Eddie Chang (00:54:34):

This is Vice Chair Chang. I wanted to start off by thanking Taylor Hughes on all the amazing work that she's done. The amount of work she's done on this is absolutely incredible, and I hope you stick around after this to continue to do all this work with us.

Taylor Hughes (00:54:51):

Thank you.

Eddie Chang (00:54:53):

For those who of you who are not aware that future right to list contract is Grants an exclusive right to list of real estate in the sale. Actually got a complaint from somebody this morning about their client had one sign that was for 40 years, and so we'll be passing that along as well. But Taylor has reached out to over 30 states and researched 10 different lawsuits and collaborated extensively with the attorney general's office, including... And created a list of recommendations from the attorney general's office, and we'll be spending the next 68 weeks building the report for December 1st. Thank you, Taylor.

Taylor Hughes (00:55:45):

Thank you.

Jennifer Clawson (00:55:50):

Great. So now we'll move on to 8.2, and Central investigations in our audit group.

Nathan Buck (00:56:00):

Thank you very much and good morning everyone. My name is Nathan Buck, I'm the investigation supervisor for real estate programs. So as far as the case counts, we have received... These numbers are from January of 2024 all the way until July 26th. So we have received a total of 343 complaints so far. The complaint's currently in intake, we have four. We currently have 312 in investigation, 23 in legal, 30 management review. That's just a different form of investigation, so that would part of the investigation number. We have one reopen, which again would be part of the investigation numbers, and we have closed a total of 242 cases so far between those date ranges. So we have that total of 619 for all those numbers together.

(00:57:00):

So as far as the common complaints that we are receiving for this time around is, individuals did not perform due to the use of a broker. And again, these are what the complaint comes in as. Misrepresentation in a transaction and advertising issues. When we have conducted the investigation, what we have commonly found is failure to exercise skill and care, failure to

advertise by adding firm name as licensed, and failure to cooperate with an investigation. So with that, do I have any questions for investigations?

Eddie Chang (00:57:42):

This is Vice Chair Chang. When you said failure to include the name as licensed, is that because they're advertising under a team name and they failed to do that, or what were the circumstances?

Nathan Buck (00:57:56):

So thank you. The comment portion of that is that an individual will just put their name out there and say that they're a real estate broker and that's it. Do I have any other questions? Thank you very much. And with that, I think we're going to go ahead and move on to-

Sandy Bauer (00:58:19):

We'll turn it over to Jessica Koenig, who will talk about what are the common actions taken after the investigation process. And with that I'll turn it over to Jessica Koenig.

Jessica Koenig (00:58:32):

Hi, good morning. Jessica Koenig, legal services manager with regulatory compliance. The common remedies following investigation, the three most common sanctions, as disciplinary action is license revocation or suspension, continued education, and/or fine.

Sandy Bauer (00:58:56):

Thank you very much. Are there any questions? All right, I'd like to thank our central audits and investigations units and our regulatory compliance units for bringing this data forward to us. Thank you.

Jennifer Clawson (00:59:11):

Thank you both so much. Now we'll move on to 8.3, which is our licensing and customer support. And Sandy, it looks like you are going to help us here.

Sandy Bauer (00:59:26):

Yes. Yes. So I'm going to go ahead and report out on the licensee counts by age. I'll just run through these numbers really quickly. For real estate brokers, for 65 and above active licensees, we have 4,427. For between 55 and 64, just over 7,000. And as you can see, the licensee count diminishes with the age a little bit. So we have a grand total of just over 34,000... 34,000 licensees that are real estate brokers. I'm still hung up on that housing market report, a million dollars for a house. For real estate managing brokers, we have a grand total of 8,144.

(01:00:29):

Next slide please. So moving on to our real estate firms and names, for real estate firms active status, we have 3,751. And for real estate branches, we have 470. As you can see, on the second graph, we do have real estate branches, and broken out in assumed names, doing business as names and entity names, both for branches and firms. And as you can see, there's total of 11,197 of those names for assumed names doing business as names and entity names

between branches and firms. So that could be a little bit why there's some confusion on the advertising with the complaints that come in.

(01:01:27):

Next slide please. For the licensee counts, we have had fairly steady from January until now. For renewals, we are remaining quite steady in the 1,500 to 1,800 range. And for renewals, as you are for new licensees, we're staying steady around the 300 range.

(01:01:58):

Next slide please. For the customer call and email data, the customer service team answered 1068 emails in May, 940, emails in June, and 811 in July. For customer calls, they answered 1,683 phone calls in May, 1,917 in June, and 1,966 in July. So between May and July together, they answered about 85.4% of every call that came in. And they're still down one customer service. So they're doing a really good job trying to get those emails, answers those phone calls answered and trying to help with the customer service.

(01:02:55):

Next slide. And that concludes the licensing data. And I'll turn it over to Sandra after action item Anyways,

Sandra Schaefer (01:03:08):

Yeah, so we covered it a little bit, but for the ARELLO attendance and travel, that has been mostly booked. There's a couple of signatures that we're waiting on and then everything will be finalized and good to go. And that is the only item that we have on the action item list.

Jennifer Clawson (01:03:32):

Great, thank you. We'll now move on to item number nine on the agenda, which is our public comment. So I will now open the floor to the public to address the commission and share their thoughts and concerns, and written comments have to be submitted two days prior to the meeting. Do we have any written comments?

Sandy Bauer (01:03:56):

We do not have any written comments.

Jennifer Clawson (01:03:58):

Okay. So each member of the public is limited to one three-minute comment. Comments that are spent in writing count towards a three minutes, which we do not have any. After we are done with public comment, then the commissioners are limited to directing the staff to look into any of the matters further. So with that, if you are on the phone or in person and would like to make a public comment, you can raise your hand or signal to us. We have Mary, audience. Okay. So we'll start with you, Mary.

Mary Hull-Jury (01:04:34):

Sure. And I'll try and project for the folks online. Mary Hull-Jury for the record, representing Washington Rail Tours. I have two items that I wanted to share with everybody. One is that in fact, Washington Rail Tours is supportive of the potential legislation to continue funding the

research conducted by the Washington Center for Real Estate Research, and we're working closely with the University of Washington on that. Second is, I hope is a simple request, which is, insofar as the licensing data, and or if that's not possible, the meeting packet, to be posted on the DOL Commissioner website for members of the public to review that information.

(01:05:18):

I understand that in advance of the meeting, it's considered in draft form, but I think that information is helpful for the licensed population and more specifically the licensing data as they're trying to make determinations of their business decisions going forward. With the trends are looking at with regards to who is being licensed, who is active, who's expired, so on and so forth. I do personally appreciate the Department of Licensing separating out with age cohorts, that data. It's very telling and informational, at least for me personally. So thank you. I hope that is a humble request, and one that's easy to achieve. Thank you.

Sandy Bauer (01:05:56):

All meeting material is available by emailing the [inaudible 01:06:01].

Mary Hull-Jury (01:06:01):

Okay.

Sandy Bauer (01:06:01):

Would you like me to-

Mary Hull-Jury (01:06:01):

Yeah, go ahead.

Sandy Bauer (01:06:03):

Okay. Thank you very much. That was a great comment. I would like to state that all meeting materials are available to the public upon email dolboards@dol.wa.gov.

Jennifer Clawson (01:06:23):

Okay. Any hands?

Sandy Bauer (01:06:26):

Are there any virtual attendees that wish to make a public comment? Please use the Raise Hand feature. I don't see any hands.

Jennifer Clawson (01:06:46):

Okay. At this time then we will close public comment, so we do not have any additional public comment. Okay. We'll move to item number 10, the conclusion. So first under that is 10.1, announcements. Do we have any announcements to share from the commission or the staff?

Casey Brazil (01:07:12):

Commissioner Brazil. I'd just like to state that I very much appreciate all the effort that went in to having this meeting, and the staff from DOL, thank you guys very much for what you did.

Jennifer Clawson (01:07:26):

Great. Thank you. We will move to item number 10.2, request for future agenda items. Does anyone have any future agenda items they would like to request the commission? Okay. Hearing none, if that changes, you can reach out to Sandy or Sandra and send in any items. 10.3, review of new action items and agenda items for our next meeting.

Sandra Schaefer (01:08:03):

I didn't actually hear any new action items, unless I missed something.

Sandy Bauer (01:08:09):

Just the subcommittee assignments for next meeting.

Sandra Schaefer (01:08:13):

Okay.

Jennifer Clawson (01:08:21):

Okay. Are we now at agenda item number 11, the adjournment? So it is now 11:08 A.M. on August 15th, 2024, and this meeting is now adjourned. Our next meeting will be via Teams on November 14th, 2024 at 10:00 A.M. So thank you all so much.

Sandra Schaefer (01:08:42):

Thank you.