



SEATTLE CITY COUNCIL | DISTRICT 1

COUNCILMEMBER LISA HERBOLD

June 29, 2017

John Wilson, Assessor
King County

Dear Assessor Wilson,

Thank you for your work on behalf of the taxpayers of King County. I appreciate your clarification of the Assessor's office's understanding of the possible consequences of MHA, which has been helpful in preparing responses to constituent concerns about the rezones.

Another recurring issue both for myself and my constituents is the potential impact on home prices resulting from speculative investment that does not result in occupancy in the Seattle luxury home market. [Recent coverage](#) in the Seattle Times has pointed to a significant uptick in real estate investment by corporate and non-resident owners. Vancouver's introduction of a tax on foreign real estate investment has heightened the public perception that speculative real estate investment that does not result in occupancy is increasingly targeting Seattle.

Constituents in District 1 and throughout the City have expressed concern about upward pressure being caused on home prices by this influx of investment. Of particular concern is the possibility, raised by Seattle realtors quoted in the Times, that as many as half of the homes purchased by speculative investors are being left vacant. Using luxury homes as non-residential investment vehicles has artificial inflationary effects on the Seattle housing market. Many of these purchases are also made under the aegis of LLCs or shell companies, leaving the buyer's identity and intentions opaque. This introduces the further concern that some of these real estate investments may serve as vehicles for money laundering or tax evasion, as outlined in *New York Times'* series "[Towers of Secrecy](#)" on luxury real estate in New York City. I'd like to work with your office to identify any available policy options that might help the City respond equitably to this issue.

Newell Aldrich, my Legislative Aide handling this issue, has contacted the City's Law Department for input on potential policy responses. Their determination is that the City lacks the legal authority to institute the type of taxation measures enacted by Vancouver. But the Law Department has said that the City may be able to require disclosure of the identity of the purchasers (i.e., not just the LLC or shell company) of some types of luxury real estate and housing. I am interested in considering this policy option further; however, given the current political climate and the history of exclusion laws directed at immigrants from China which Seattle adopted in the 1880s, any such disclosure system would need to be designed to ensure that it did not foment racial bias or resentment. I am hoping that you and your office would be willing to work with us to develop a system whereby this disclosure could be required and the information made available to the public in a way that is facially neutral about the national origin of the investor.

I look forward to your response to these issues. The housing affordability crisis in Seattle remains an urgent priority for my constituents. It is my hope that we can move some way towards addressing it by more effectively managing speculative real estate investment in the City. Thank you in advance for your kind consideration as well as all that you do for the residents of King County.

Sincerely,



Lisa Herbold