

Washington REALTORS® Climate Change Issue Paper

October 1, 2008

-BACKGROUND-

Washington State's Response to Climate Change

Our state's actions on climate change must be grounded in the need to address state and local problems that our state alone must solve.

Washington State is in the midst of enacting an aggressive framework for reducing the state's greenhouse gas emissions. In February 2007, Washington Governor Christine Gregoire issued Executive Order 07-02, which established a series of measurable goals to reduce Washington State's emissions of greenhouse gases. EO 07-02 committed the state to gradually reduce its greenhouse gas emissions to 1990 levels by 2020; to 25% below 1990 levels by 2035, and by 50% below 1990 levels by 2050. The 2007 Legislature codified these nonbinding greenhouse gas reduction targets by passing ESSB 6001. During the same time period, Washington State joined the Western Climate Initiative ("WCI"), a collaboration between a number of western states, three Canadian provinces, and six Mexican states to reduce regional greenhouse gas emissions.

In March 2008, the Washington Legislature passed HB 2815 which replaced the non-binding emission reduction goals of ESSB 6001 with specific enforceable emission reduction requirements to ensure that the reductions are achieved. HB 2815 requires the Washington Department of Ecology to implement, in coordination with the WCI, a regional multi-sector cap and trade program for achieving emission reduction requirements by 2012.

A regional cap and trade system is only one of a number of mechanisms available for reducing emissions, and HB 2815 directs the state to assess other strategies. For example, HB 2815 requires the Washington State Department of Transportation ("WSDOT") to adopt statewide goals for reducing annual per capita vehicle miles travelled ("VMT"), including annual benchmarks for VMT reductions of 18 percent by 2020; 30 percent by 2035, and 50% by 2050. Ecology has initiated a rulemaking process to develop the emission reporting requirements established by HB 2815. Under this rule, which will be adopted in 2009, large stationary sources such as mills and factories and large vehicle fleets must report annual greenhouse gas emissions.

In May 2008, the WCI released its draft recommendations for a regional cap and trade system. These recommendations include an emission reporting system, subjecting all facilities emitting more than 10,000 MtCO₂e to a cap and trade system, the allocation by WCI to member states who would in turn auction those credits to regulated entities, prioritizing offsets within the WCI region, and allowing trading with other markets.

Examples of State, Federal, and International Greenhouse Gas Emission Reduction Targets

Washington (ESSB 6001/HB 2815)	2020 – 1990 levels 2035 – 25% below 1990 levels 2050 – 50% below 1990 levels
California (AB-32)	2010 – 2000 levels 2020 – 1990 levels 2050 – 80% below 1990 levels
Oregon (HB 3543)	2010 – Stop emissions growth 2020 – 10% below 1990 2050 – 75% below 1990
WCI Regional Goal	2020 – 15% below 2005 levels
U.S. Senate Bill 2191/3036 (2008 Lieberman/Warner Bill)	2020 – 15% below 2005 2050 – 75% below 2005
Kyoto Protocol	2008 – 2012 – 5.2% below 1990

Benchmarks for Reductions in Vehicle Miles Travelled (VMT) in Washington State Required Under 2008 HB 2815

18% reduction by 2020

30% reduction by 2035

50% reduction by 2050

At the local level, numerous local governments have started developing climate change responses under existing laws, such as the Growth Management Act (GMA) and State Environmental Policy Act (SEPA). Over 30 cities have signed onto the U.S. Conference of Mayors Climate Protection Agreement, which was initiated by Seattle Mayor Greg Nickels in 2005. Under this agreement, cities commit to three major actions: (1) Meet or exceed the Kyoto Protocol targets in their own communities, through actions ranging from anti-sprawl land-use policies to urban forest restoration projects to public information campaigns; (2) Urge their state governments, and the federal government, to enact programs to meet or exceed the greenhouse gas emission reduction target suggested for the United States in the Kyoto Protocol, a 7% reduction from 1990 levels by 2012; and (3) Urge the U.S. Congress to pass a bipartisan greenhouse gas reduction legislation, which would establish a national greenhouse gas emissions cap and trade system. King County has proposed to use its substantive SEPA authority to require a 15% reduction in greenhouse gas emissions from new development projects. Other counties in Washington are reviewing comprehensive plans from the perspective of how such plans relate to climate change objectives.

Washington Cities Joining U.S. Conference of Mayors Climate Protection Agreement

Auburn	Ferndale	Seattle
Bainbridge Island	Issaquah	Shoreline
Battle Ground	Kirkland	Snoqualmie
Bellevue	Lacey	Spokane
Bellingham	Lake Forest Park	Tacoma
Bremerton	Lynnwood	Tukwila
Burien	Olympia	Tumwater
Camas	Pacific	Vancouver
Clyde Hill	Redmond	Washougal
Coupeville	Renton	
Edmonds	Everett	Sammamish

In October of 2008, a number of major reports were released by statewide task forces addressing different issues associated with climate change. Under 2008 SB 6580, the Washington Legislature established a task force to review the role of the GMA in addressing climate change. Under the Governor's Climate Advisory Team (CAT) established by EO 07-02, the CAT, Ecology, and CTED have convened four implementation working groups (IWGs) which will review and select emission reduction strategies in different areas: under SEPA, in the transportation sector, by improving building and energy efficiency, and through waste reduction. All of these reports are due to be submitted to the Legislature by December 1, 2008.

REALTORS® and the Climate Issue

The issue of climate change, and how it is addressed at all levels of government, will have a significant impact on Washington's homeowners and real estate industry. Because of the impact of the climate change issue on homeowners and the real estate market, Washington REALTORS® engaged in a number of actions relating to climate change during 2008. At the statewide level, REALTORS® participated in the state's Growth Management Act and Climate Change Task Force and Transportation Implementation Work Group under the Climate Action Team. Locally, REALTORS® have been active in working with local governments to support actions that will improve housing, transportation, and infrastructure to meet both GMA and climate change objectives. REALTORS® also held a one-day Climate Change Forum that included speakers with a variety of perspectives on the climate change issue. Washington REALTORS® were selected to serve on the National Association of REALTORS® Climate Change Presidential Advisory Group.

Homeowners and the Real Estate Industry

The Risks and Opportunities of Climate Change

Washington REALTORS® believe that if addressed properly, many of the actions intended to address climate change can have positive outcomes for homeowners and real estate. Even though policy and regulatory schemes at all levels of government are still being developed, many of the desired outcomes envisioned in the multitude of climate change planning processes are outcomes that REALTORS® support and have advocated for at the state and local levels to implement the state's Growth Management Act (GMA).

The climate change issue implicates land use planning and housing issues that are important to REALTORS®. For example, climate change planning processes unanimously call for accommodating growth in urban areas by improving compact urban development, improving the types and varieties of housing choices, ensuring adequate funding for basic infrastructure, providing workforce housing near job centers, and improving transportation options. At the same time, like other environmental regulatory issues that implicate land use and housing, climate change poses significant risks of reducing the availability of buildable land or creating new permitting

Leadership is needed to be candid with the public about what addressing climate change really means – Will this impact Washington’s economy? How will we pay for infrastructure needs? Will there be increased costs to drive? Why will housing density increase in your own neighborhood? These are all valid questions and the public deserves straight answers.

requirements, costs, and appeals, all which increase the costs of housing and commercial properties.

For residential and commercial property owners, the climate change issue poses both risks and opportunities. Any additional regulatory requirements such as land restrictions or permitting processes will ultimately increase the cost of housing, a cost that will be passed on to homeowners. However, many ideas on addressing climate change would assist in providing higher quality, more efficient, and more attractive housing choices in urban areas that would benefit homeowners. Further, because of the importance of increasing the energy efficiency of both new and existing structures, homeowners could benefit from energy retrofit programs that make homes more efficient, attractive, and affordable.

Climate Change—A Global Issue

The Challenge of Finding State & Local Solutions

In recent years, the United States has produced approximately 22% of worldwide greenhouse gas emissions, and this percent is expected to decline in future years as GHG emissions rapidly increase in developing economies such as China, India, Brazil, and Russia. The State of Washington produces approximately 1% of total U.S. emissions. The fact that Washington State’s greenhouse gas emissions are comparatively small, or that a clear federal or international program has yet to develop does not mean that Washington State’s public and private sectors have an insignificant role in the climate change issue. Even while climate change planning and regulatory schemes are being developed and implemented, there is still debate over the science of climate change and how it can be addressed.

These debates do not mean that no action is necessary, but rather, that our strategies must be able to adapt to new technologies and increasing scientific understanding. Most importantly, our state’s actions on climate change must be grounded in the need to address state and local problems that our state alone must solve. Washington’s citizens and businesses will not support actions to address global climate change at the expense of our state and local economy or quality of life. If Washington State’s local solutions to climate change exacerbate or fail to address our own local problems, our state and local climate change responses will fail to generate the public support and funding necessary to succeed. However, if our state’s response to climate change reduces greenhouse gas emissions through means that improve the quality of life of our state’s citizens and protects our economy, our state will be a true leader on the climate change issue.

Growth Management Act & Climate Change

Implement It, Don't Amend It

Much of the discussion around climate change and land use has centered on whether the GMA should be amended to mandate that local governments adopt a climate change element as part of the local comprehensive plan, or whether climate change should be added as a goal of the GMA. REALTORS® support using the existing provisions of the GMA to address climate change, not amending the GMA to become a climate change act. As people drive further away from jobs to find affordable housing, the solution lies not in more planning in the name of

climate change, but rather, ensuring an adequate supply of buildable land, served with infrastructure, in close proximity to job centers and transportation options. The lack of need to amend the GMA to include a climate change element or goal is obvious: under existing law, numerous local governments in Washington State are already including climate change considerations in the land use planning process, and environmental protection is already a GMA goal.

Our state’s efforts on GMA should be focused not on adding a new planning topic and new requirements, but on actually implementing what is already required by GMA – compact urban development, transportation options, and adequate infrastructure. We must provide local governments with the necessary resources to implement the GMA, and when necessary modify the GMA for clarity in implementing the act.

In addition to the lack of need to amend GMA to address climate change, such an amendment would introduce considerable uncertainty and risks. Unlike other goals or elements within GMA, climate change has an associated but yet to be determined regulatory process developing at state, regional, national, and international levels. Washington State should not impose the unknown regulatory requirements of the climate change issue on local governments by incorporating these climate change requirements through a GMA goal or element. Further, climate change has already been raised in land use appeals in Washington State and around the country, and including climate change within GMA creates yet another basis for litigation. Our state’s efforts on GMA should be focused not on adding a new planning topic and new requirements, but on actually implementing what is already required by GMA – compact urban development, transportation options, and adequate infrastructure. We must provide local governments with the necessary resources to implement the GMA, and when necessary modify the GMA for clarity in implementing the act.

that our state’s workforce must drive in order to find affordable housing. This problem is caused both by land use and housing decisions and by our transportation system. The lack of buildable land capacity, resistance to increasing urban densities, complicated and costly development regulations, and the costs of the permitting process have pushed housing further and further away from job centers. And even though workers are moving further away from job centers, our transportation investments have not provided the road and transportation options necessary to move people and goods. In part, these issues explain why the transportation sector produces nearly half of Washington State’s greenhouse gas emissions.

While eliminating the need to “drive until you can afford to buy” has become a unifying theme in how land use, housing, and transportation relates to climate change, this issue has been a REALTORS® policy priority for a number years. The increasing distances travelled by Washington’s workers degrades our quality of life and imposes significant economic and social costs on families.

**Total Mean Distance To and From Work in Miles, 1999 to 2006
Puget Sound Regional Council, December 2007**

<i>Puget Sound Sub-Area</i>	1999	2006	% Change
Puget Sound Region	12.2	12.8	5%
NW/Central Snohomish	30	33.4	11%
SW Snohomish	26.8	26.2	-2%
Seattle-Shoreline	16.4	16.8	2%
East King	21.8	21.8	0%
South King	24.8	25.4	2%
Tacoma/SW Pierce	21.6	24.6	13%
Central Pierce	30.2	30.2	0%
East Rural	44.0	48.8	13%
North/Central Kitsap	23.4	24.0	3%
South Kitsap/Peninsula	37.6	39.8	6%

A key area of focus must be eliminating the regulations and barriers that prevent affordable urban development from occurring in many of Washington State’s communities. A recent study concluded that land use regulations are responsible for up to \$200,000 of the cost of a home in Seattle. While some may seek to debate the specific dollar figure added to the cost of housing because of land use and environmental regulations, there is no doubt that regulations increase housing costs, and that excessive regulations in some jurisdictions push development to other areas, away from jobs, and creating longer commutes. We must rethink how we regulate land use in order to get the type of development patterns that are most desirable. The foundation for urban development is ensuring an adequate

Housing Supply & Affordability

Eliminating Barriers to Encourage Urban Development

The climate change issue includes considerable discussion about the need to reduce emissions caused by the increasing distance

supply of buildable land capacity and infrastructure to provide for the housing and employment needs of the community's population. We must improve our existing planning process to include workforce housing needs, adequately planning for the demand for second homes and other investment properties, and specific regional or sub-regional issues in the GMA planning process. Further, state and local governments must provide incentives for compact urban development, transit oriented development, and other types of housing choices that are attractive to buyers. SEPA review should be streamlined for projects inside UGAs.

Consumer Housing Choice

The Invisible Hand

Given the uncertainty surrounding climate change impacts and the actual knowledge standard of the seller disclosure law, using this law is not a viable strategy for homebuyers to gain meaningful information about the risks of sea level change or the potential impacts of climate change on residential properties.

Real estate consumers, not government regulations, ultimately decide where housing and commercial real estate is built, and how projects are designed and constructed. Developers and builders will not invest in projects that real estate consumers will not buy. State and local efforts to encourage attractive housing choices within Urban Growth Areas, in proximity to jobs and commercial centers, and with access to transportation options must be grounded in the realities of the real estate market. This means that our local housing policies and regulations must ensure a variety of housing choices for different types of real estate consumers. Local governments need resources and technical assistance to adopt regulations to enable the development of a variety of home choices that are affordable for and desired by real estate consumers.

Transportation & Infrastructure

Fulfilling the Promise of the Growth Management Act

Infrastructure is the foundation of urban development. Not only has Washington State failed to make the investments in infrastructure necessary to accommodate growth as envisioned under the GMA, it faces significant shortfalls to simply maintain the safety and functionality of the existing basic infrastructure system: roads, bridges, water, and sewer. Our state's climate change strategy must include a commitment to ensuring the availability of basic infrastructure inside UGAs to accommodate growth. Simply utilizing existing revenue sources, or placing these funding demands on the backs of new homeowners will not succeed. State and local governments must dedicate new funding sources that are broad-based to address the basic infrastructure necessary to accommodate growth.

In addition to providing basic infrastructure, the state must implement new strategies to reduce reliance on single occupancy vehicle trips. This is especially important given the likelihood of increasing gas prices. For many Washington residents, enhanced bus service, carpooling, ridesharing, bus rapid transit, vanpools, and non-motorized travel provide the most cost effective transportation solutions. These options are best suited for most jurisdictions, where it is unlikely that rail transit will ever reach or would ever be cost effective. In some locations, rail transit may be a cost effective method of increasing mobility while minimizing carbon emissions. But regardless of the transportation method, our land use and transportation systems must be better integrated to provide housing, jobs, and the necessary infrastructure to accommodate growth.

Addressing Climate Change: *What It Will Cost, & Who Will Pay*

The Need for Candor & Leadership

Addressing climate change is the single largest environmental policy objective ever undertaken by our state and federal government.

But to date, there has been little discussion or analysis of the costs of how we address climate change, how our actions impact our state and nation's ability to compete in the global marketplace, and who will pay these costs. The platitude that the costs of addressing climate change would be easily exceeded by the costs of not doing so is not sufficient - real analysis is needed. Further, leadership is needed to be candid with the public about what addressing climate change really means - Will this impact Washington's economy? How will we pay for infrastructure needs? Will there be increased costs to drive? Why will housing density increase in your own neighborhood? These are all valid questions and the public deserves straight answers.

At the statewide level, strong leadership is necessary to prevent local governments from adopting land use regulatory provisions in the name of climate change that while intended to address climate change, serve only to push development into other jurisdictions. While many of Washington's local elected officials are leaders on the climate change issue, such leadership should not create an uneven playing field when it comes to land use regulations. To the extent neighboring local governments adopt climate change regulations that impose different development obstacles and costs, development will be pushed elsewhere.

Washington's Economy

Maintaining Competitiveness, Reflecting Washington's Energy Resources

Washington's modern economy developed in part because of the availability of low-cost hydropower. Today, hydropower's economic benefits are matched by its

critical environmental attribute of providing cost effective energy with low greenhouse gas emissions. Because of hydropower, Washington State has one of the lower per capita greenhouse gas emission rates in the country. Our state's energy policies should reflect and protect our unique ability to generate hydropower, unlike other parts of the country that currently rely on high carbon emission coal for energy supply.

Green Building & Energy Efficiency

*Cost Effective Solutions For All Buildings—
New & Old*

The energy efficiency of houses is an important part of reducing energy use and thus greenhouse gas emissions. While current building and mechanical codes now require a much higher level of efficiency than prior codes, the reality is that 30 years from now,

For many Washington residents, enhanced bus service, carpooling, ridesharing, bus rapid transit, vanpools, and non-motorized travel provide the most cost effective transportation solutions. These options are best suited for most jurisdictions, where it is unlikely that rail transit will ever reach or would ever be cost effective. In some locations, rail transit may be a cost effective method of increasing mobility while minimizing carbon emissions.

2/3 of Washington State's housing inventory will consist of houses that are already built today. Washington State must find incentives so that both new and existing homes can be energy efficient.

Green building, LEED, EnergyStar, and other programs often provide cost effective methods to reduce energy use for residential housing. However, certain green building standards may not be cost effective for certain types of residential construction.

Technology & Innovation

Real Solutions to Actual Problems

While reliance on new technologies will not solve the climate change problem, new technologies will in fact be a major part of the solution for our energy, transportation, and land use issues. Our climate change system must be designed to encourage and incorporate new technologies that will be an important part of our future green economy. For example, the current approach toward addressing transportation-related vehicle emissions is centered on reducing vehicle miles travelled. However, the real issue to be addressed is not simply miles driven, but actual emissions. Over the next few decades, the vehicles driven by Washington residents will include more and more high mileage vehicles, hybrids, and electric vehicles. This transition is being driven by numerous factors, including gas prices and the willingness of auto consumers to buy fuel efficient vehicles. Over time, this consumer choice will result in fewer

carbon emissions, though not necessarily fewer vehicle miles travelled.

The climate change issue has given rise to cottage industries of carbon footprint calculators, carbon offset markets, and other green marketing efforts that have little or no value. State and local governments and citizens must be careful to avoid ecofads and instead focus on strategies that actually make a real difference.

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Impacts of Sea-Level Change

Protecting Homeowners & Critical Infrastructure

Many climate change models predict rises in sea level elevations that would impact Washington's coastal and Puget Sound areas. Local governments must make informed decisions regarding the location and design of critical infrastructure given the risks posed by climate change. For homeowners, the state's seller disclosure law requires a seller to disclose certain information about the house or vacant residential land based on the seller's actual knowledge. Given the uncertainty surrounding climate change impacts and the actual knowledge standard of the seller disclosure law, using this law is not a viable strategy for homebuyers to gain meaningful information about the risks of sea level change or the potential impacts of climate change on residential properties. Rather, state agencies and local governments should ensure that climate change modeling information is available to the public so that both infrastructure builders and homebuyers can make fully informed decisions.

REALTORS® Perspectives on the 2008 GMA-Climate Change Task Force Report

[To be added after report issued]

REALTORS® Perspectives on the Climate Action Team Technical Implementation Working Groups on SEPA, Transportation, & Green Building

[To be added after reports issued.]