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**SECOND SUBSTITUTE SENATE BILL 5496**

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**State of Washington 69th Legislature 2025 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Alvarado, Orwall, Bateman, Conway, Frame, Hasegawa, Lovelett, Nobles, Saldaña, Stanford, Trudeau, Valdez, Wellman, and C. Wilson)

AN ACT Relating to preserving homeownership options by limiting excessive home buying by certain entities; amending RCW 19.86.140; adding a new chapter to Title 19 RCW; creating a new section; and prescribing penalties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  The legislature finds that Washington state is in a housing crisis, with few homes on the market that are affordable to families of moderate incomes. The legislature has taken steps in recent years to boost the state's housing supply through grants and incentive programs, permitting reform, and increasing density in certain land use zones. However, the state has seen the average home price in Washington rise 55 percent between 2018 to 2021. During roughly the same time period, the change in share of homes purchased by medium, large, and mega investors increased by 46 percent. These types of investors currently own just over seven percent of the housing supply in Washington, locking out families from real estate ownership opportunities and the ability to develop intergenerational wealth. Therefore, the legislature intends to prohibit large investment and business entities from purchasing more of the state's existing stock of homes so that the affordable housing supply is available for purchase by residents and families.

NEW SECTION. **Sec.**  (1)(a) A business entity that has an interest in more than 50 single-family residential properties may not purchase, acquire, or otherwise obtain an interest in another single-family residential property.

(b) An investment entity may not purchase, acquire, or otherwise obtain an interest in a single-family residential property.

(2) For the purposes of this section:

(a) "Business entity" means any association, company, firm, partnership, corporation, limited liability company, limited liability partnership, or other legal entity, and that entity's successors, assignees, or affiliates. "Business entity" does not include an investment entity.

(b) "Investment entity" means:

(i) A real estate investment trust as defined by any state or federal statute; or

(ii) An entity that manages funds pooled from investors and owes a fiduciary to those investors.

(c) "Single-family residential property" means a residential structure that is:

(i) A fully detached or semidetached building, which may include one or more accessory dwelling units located within or attached to the building; or

(ii) A row home or townhome that is separated from any adjacent unit by a ground-to-roof wall, does not share heating or air conditioning systems or utilities, and does not have units located above or below.

(d) For the purposes of this subsection (2), "business entity" and "investment entity" do not include businesses regulated under state or federal banking or finance laws operating as commercial banks, bank holding companies, savings banks, trust companies, savings and loan associations, credit unions, mortgage lenders, or mortgage servicers.

(e) For the purposes of this subsection (2), "interest" does not include: (i) Mortgages; or (ii) ownership or any other interest obtained through foreclosure.

(3) A business or investment entity is not subject to the prohibitions in subsection (1) of this section if the entity is:

(a) A nonprofit corporation or other nonprofit legal entity;

(b) Purchasing an existing single-family residential property and making modifications to the property that are necessary to achieve substantial compliance with existing building codes;

(c) Purchasing an existing single-family residential property to increase the number of residential units on the property, which may include single-family or multifamily units, only if the entity does not hold a single-family residential structure longer than five years without applying for building permits for the property;

(d) Acquiring an ownership interest in single-family residential property through the construction of new properties; or

(e) A business entity purchasing through foreclosure or otherwise acquiring a single-family residential property where the business entity is currently servicing a recorded loan on the property.

(4) The legislature finds that the practices covered by this section are matters vitally affecting the public interest for the purpose of applying the consumer protection act, chapter 19.86 RCW. A violation of this section is not reasonable in relation to the development and preservation of business and is an unfair or deceptive act in trade or commerce and an unfair method of competition for the purpose of applying the consumer protection act, chapter 19.86 RCW.

(5) A seller of a single-family residential property is not liable for any violation of this section.

(6) Real estate brokers licensed under chapter 18.85 RCW are not liable in any civil, administrative, or other proceeding for the failure of any seller, buyer, or other property owner to comply with the requirements of this section.

**Sec.**  RCW 19.86.140 and 2024 c 256 s 2 are each amended to read as follows:

Every person who shall violate the terms of any injunction issued as in this chapter provided, shall forfeit and pay a civil penalty of not more than $125,000.

Every person who violates RCW 19.86.030 or 19.86.040 shall pay a civil penalty of up to three times the unlawful gains or loss avoided as a result of each violation.

Every person who violates RCW 19.86.020 shall forfeit and pay a civil penalty of not more than $7,500 for each violation: PROVIDED, That nothing in this paragraph shall apply to any radio or television broadcasting station which broadcasts, or to any publisher, printer or distributor of any newspaper, magazine, billboard or other advertising medium who publishes, prints or distributes, advertising in good faith without knowledge of its false, deceptive or misleading character.

Every person who violates section 2 of this act shall pay a civil penalty of not more than $100,000 for each violation and sell the property in violation to an independent third party within one year of the date that the court enters the judgment.

For unlawful acts or practices that target or impact specific individuals or communities based on demographic characteristics including, but not limited to, age, race, national origin, citizenship or immigration status, sex, sexual orientation, presence of any sensory, mental, or physical disability, religion, veteran status, or status as a member of the armed forces, as that term is defined in 10 U.S.C. Sec. 101, an enhanced penalty of $5,000 shall apply.

For the purpose of this section the superior court issuing any injunction shall retain jurisdiction, and the cause shall be continued, and in such cases the attorney general acting in the name of the state may petition for the recovery of civil penalties.

With respect to violations of RCW 19.86.030 and 19.86.040, the attorney general, acting in the name of the state, may seek recovery of such penalties in a civil action.

By December 1, 2022, and every five years thereafter, the office of the attorney general shall evaluate the efficacy of the maximum civil penalty amounts established in this section in deterring violations of the consumer protection act and the difference, if any, between the current penalty amounts and the penalty amounts adjusted for inflation, and provide the legislature with a report of its findings and any recommendations in compliance with RCW 43.01.036.

NEW SECTION. **Sec.**  Section 2 of this act constitutes a new chapter in Title 19 RCW.

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