
HOUSE BILL 1974

State of Washington

69th Legislature

2025 Regular Session

By Representatives Hill, Peterson, Parshley, Scott, Thomas, Reed, Simmons, Street, Pollet, Macri, and Ormsby

Read first time 02/14/25. Referred to Committee on Housing.

1 AN ACT Relating to establishing land banking authorities;
2 amending RCW 39.33.015, 36.35.150, and 35.21.755; adding a new
3 section to chapter 84.36 RCW; and adding a new chapter to Title 36
4 RCW.

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

6 NEW SECTION. **Sec. 1.** (1) The legislature finds the following:
7 (a) Providing local governments with more options to increase
8 residential capacity, especially in urban areas, consistent with RCW
9 43.21C.420, is essential to building affordable housing;
10 (b) A history of racial segregation and displacement has led to
11 disparities in access to education, living wage employment,
12 affordable housing, and transportation, particularly for black and
13 indigenous communities. This history has also allowed certain
14 populations to obtain and build wealth and to access critical
15 resources at the expense of others. Over time these factors have put
16 pressure on, marginalized, and displaced many from these same
17 communities; and
18 (c) Housing can drive economic growth within neighborhoods if
19 developed with a focus on services, jobs, public improvements, open
20 spaces, equity, and other elements that make housing vital and
21 economically additive to nearby residents and the region.

1 (2) The legislature intends to establish a land bank grant
2 program which, using a land acquisition and deployment strategy,
3 would produce more affordable low-income and moderate-income housing,
4 ensuring any loss of affordable housing in areas of public
5 infrastructure investment is exceeded by new affordable units, to
6 enable all members of the workforce to live in the community in which
7 they serve, including members of racial and ethnic groups
8 disproportionately experiencing adverse housing outcomes, to make
9 sure that the public improvement and housing investments in our state
10 help to foster racial equity and rectify discriminatory practices.

11 NEW SECTION. **Sec. 2.** (1) The legislative authority of a county
12 may authorize an entity to serve as a land bank throughout the
13 county.

14 (2) The entity authorized as a land bank must be a public
15 corporation established under RCW 35.21.730, a public housing
16 authority established under chapter 35.82 RCW, or an entity exempt
17 from taxation under 26 U.S.C. Sec. 501(c)(3) of the internal revenue
18 code of 1986, as amended.

19 (3) The legislative authorities of two or more contiguous
20 counties may authorize a regional land bank to be administered in
21 accordance with an interlocal agreement.

22 NEW SECTION. **Sec. 3.** (1) A county authorizing a land bank must
23 establish a land bank advisory board to provide oversight and
24 technical assistance to the land bank. The county executive must
25 appoint nine members to the land bank advisory board as follows:

26 (a) One member with public or private real estate finance
27 experience;

28 (b) One member with affordable housing development experience;

29 (c) One member with market rate housing development experience;

30 (d) One member with experience in neighborhood and community
31 planning;

32 (e) One member with design and architecture experience;

33 (f) One member with economic development experience;

34 (g) One member representing advocates for affordable housing for
35 marginalized communities;

36 (h) One member representing nonprofit housing developers; and

37 (i) One member representing renters in the region that is
38 currently a renter.

1 (2) The county executive must strive to make appointments that
2 reflect the racial and ethnic makeup of the region the land banking
3 authority will cover.

4 NEW SECTION. **Sec. 4.** (1) A land bank may acquire, hold,
5 improve, fund, lease, sell, and engage in predevelopment contracting
6 for land within the urban growth areas of the authorizing county.

7 (2) Land acquisitions and dispositions must be consistent with
8 any existing local, regional, or state housing plans and chapter
9 43.185B RCW, including the antidisplacement policies in the
10 comprehensive plans of the authorizing county and any cities or towns
11 within that county.

12 (3) A land bank may work with other public entities, nonprofit
13 developers, and private landowners to acquire, assemble, lease, or
14 land bank parcels.

15 (4) The authorizing county and any city or town within that
16 county must give a land bank within its jurisdiction priority for
17 acquiring any existing surplus land and any properties foreclosed due
18 to nuisance or unpaid taxes. Any property conveyed to a land bank
19 must have a clear title and address payment or forgiveness of any
20 back taxes.

21 (5) A land bank may lease or sell land to a housing developer at
22 less than market rate in exchange for compliance with affordability
23 requirements.

24 (6) A land bank may negotiate sales with developers and is not
25 required to sell or lease land to the highest bidder. A land bank may
26 prioritize community needs, such as affordable housing, workforce
27 housing, a grocery store, or expanded recreational space.

28 (7) A land bank may sell land to any entity for any purpose if it
29 can clearly demonstrate that it is not financially feasible to lease
30 the parcel, and the net proceeds are directed to subsidies for
31 affordable housing and permanently affordable homeownership units or
32 public improvement costs necessary for the development of affordable
33 housing or permanently affordable homeownership.

34 (8) A land bank may lease properties for temporary uses, if more
35 permanent options are not reasonably available.

36 (9) A land bank must plan for and facilitate the following mix of
37 housing:

38 (a) At least 33 percent affordable to extremely low-income, very
39 low-income, and low-income households;

- 1 (b) No more than 33 percent at market rate; and
- 2 (c) Housing affordable to moderate-income households.

3 (10) Land or property leased or sold by a land bank must include
4 a covenant or deed restriction that the housing units developed or
5 operated must maintain any affordability requirements for at least 99
6 years.

7 NEW SECTION. **Sec. 5.** Each land bank must develop a land bank
8 planning strategy that includes:

- 9 (1) Land acquisition and disposition policies;
- 10 (2) An equitable framework and equity goals;
- 11 (3) Identification of a community vision that includes people who
12 are most impacted by housing and transportation disparities;
- 13 (4) An assessment of the current regulatory environment and
14 identification of possible barriers to affordable housing
15 development;
- 16 (5) An assessment of displacement risk for current low-income
17 residents and underrepresented racial and ethnic minorities;
- 18 (6) A displacement mitigation plan that aligns with the city or
19 county's antidisplacement policies;
- 20 (7) Prioritization of homeownership opportunities for
21 underrepresented racial and ethnic minorities, including first-time
22 homeowners qualifying for the covenant homeownership program under
23 chapter 43.181 RCW;
- 24 (8) An assessment of alternate pathways to homeownership,
25 including permanently affordable homeownership, community land
26 trusts, and limited or shared equity cooperatives;
- 27 (9) Consideration to the preservation of historical and cultural
28 communities and investments in low-income, very low-income, extremely
29 low-income, and moderate-income housing; and
- 30 (10) Consideration of land that may be used for affordable
31 housing.

32 NEW SECTION. **Sec. 6.** (1) Subject to appropriation, the housing
33 finance commission shall develop and administer a competitive grant
34 program for land banks. Grants may be used for:

- 35 (a) Land bank planning strategies;
- 36 (b) Public improvements; and
- 37 (c) Land acquisition.

1 (2) Up to one percent of the grant funds may be used for the
2 actual costs incurred by a land bank advisory board in the
3 performance of its oversight and technical assistance duties.

4 (3) To be eligible for a grant under this section, each county
5 creating the land bank must:

6 (a) Levy a local tax dedicated to the construction, acquisition,
7 or rehabilitation of housing affordable to households at or below 80
8 percent of area median income;

9 (b) Have removed barriers to the siting of permanent supportive
10 housing; and

11 (c) Have expedited permit issuance timelines for housing
12 affordable to low-income, very low-income, and extremely low-income
13 households.

14 NEW SECTION. **Sec. 7.** (1)(a) The land bank must perform an
15 annual review of all undeveloped properties held or transferred to
16 determine progress towards the mix of affordable housing required
17 under section 4 of this act.

18 (b) The land bank must submit the results of its review to its
19 land bank advisory board.

20 (2)(a) The county authorizing a land bank must conduct an audit
21 of all housing developed on land sold or leased by the land bank to
22 ensure affordability and other conditions continue to be met. Audits
23 must be performed on each property at least every three years.

24 (b) If an audit finds that an owner or manager of housing units
25 is not in compliance with a minor or inadvertent variation of the
26 affordability requirements, the county must direct the land bank to
27 establish a plan to bring the owner or manager into compliance.

28 (c) If an audit finds that an owner or manager of housing units
29 is not in compliance with a significant variance or variances from
30 the affordability or other requirements, the county must provide
31 notification of the noncompliance to any local, state, or federal
32 agency awarding funds for the housing development.

33 **Sec. 8.** RCW 39.33.015 and 2023 c 301 s 1 are each amended to
34 read as follows:

35 (1) Any state agency, municipality, or political subdivision,
36 with authority to dispose of surplus public property, may transfer,
37 lease, or otherwise dispose of such property for a public benefit
38 purpose, consistent with and subject to this section. Any such

1 transfer, lease, or other disposal may be made to a public, private,
2 or nongovernmental body on any mutually agreeable terms and
3 conditions, including a no cost transfer, subject to and consistent
4 with this section. Consideration must include appraisal costs, debt
5 service, all closing costs, and any other liabilities to the agency,
6 municipality, or political subdivision. However, the property may not
7 be so transferred, leased, or disposed of if such transfer, lease, or
8 disposal would violate any bond covenant or encumber or impair any
9 contract.

10 (2) A deed, lease, or other instrument transferring or conveying
11 property pursuant to subsection (1) of this section must include:

12 (a) A covenant or other requirement that the property shall be
13 used for the designated public benefit purpose; and

14 (b) Remedies that apply if the recipient of the property fails to
15 use it for the designated public purpose or ceases to use it for such
16 purpose.

17 (3) To implement the authority granted by this section, the
18 governing body or legislative authority of a municipality or
19 political subdivision must enact rules to regulate the disposition of
20 property for public benefit purposes. Any transfer, lease, or other
21 disposition of property authorized under this section must be
22 consistent with existing locally adopted comprehensive plans as
23 described in RCW 36.70A.070. The state, a municipality, or a
24 political subdivision must prioritize the transfer of surplus land to
25 any land bank authorized in the county in which the surplus land is
26 located.

27 (4) This section is deemed to provide a discretionary alternative
28 method for the doing of the things authorized herein, and shall not
29 be construed as imposing any additional condition upon the exercise
30 of any other powers vested in any state agency, municipality, or
31 political subdivision.

32 (5) No transfer, lease, or other disposition of property for
33 public benefit purposes made pursuant to any other provision of law
34 prior to June 7, 2018, may be construed to be invalid solely because
35 the parties thereto did not comply with the procedures of this
36 section.

37 (6) The transfer at no cost, lease, or other disposal of surplus
38 real property for public benefit purposes is deemed a lawful purpose
39 of any state agency, municipality, or political subdivision, for

1 which accounts are kept on an enterprise fund or equivalent basis,
2 regardless of the primary purpose or function of such agency.

3 (7) This section does not apply to the sale or transfer of any
4 state forestlands, any state lands or property granted to the state
5 by the federal government for the purposes of common schools or
6 education, or subject to a legal restriction that would be violated
7 by compliance with this section.

8 (8) For purposes of this section:

9 (a) "Affordable housing" means:

10 (i) For rental housing, 30 percent of the household's monthly
11 income for rent and utilities, other than telephone; or

12 (ii) For permanently affordable homeownership, 38 percent of the
13 household's monthly income for mortgage principal, interest, property
14 taxes, homeowner's insurance, homeowner's association fees, and land
15 lease fees, as applicable. In addition, total household debt is no
16 more than 45 percent of the monthly household income;

17 (b) "Public benefit" means affordable housing, which can be
18 rental housing or permanently affordable homeownership for low-income
19 and very low-income households as defined in RCW 43.63A.510, and
20 related facilities that support the goals of affordable housing
21 development in providing economic and social stability for low-income
22 persons; and

23 (c) "Surplus public property" means excess real property that is
24 not required for the needs of or the discharge of the
25 responsibilities of the state agency, municipality, or political
26 subdivision.

27 **Sec. 9.** RCW 36.35.150 and 2016 c 63 s 1 are each amended to read
28 as follows:

29 (1) The county legislative authority may dispose of tax
30 foreclosed property by private negotiation, without a call for bids,
31 for not less than the principal amount of the unpaid taxes in any of
32 the following cases: (a) When the sale is to any governmental agency
33 and for public purposes; (b) when the county legislative authority
34 determines that it is not practical to build on the property due to
35 the physical characteristics of the property or legal restrictions on
36 construction activities on the property; (c) when the property has an
37 assessed value of less than (~~five hundred dollars~~) \$500 and the
38 property is sold to an adjoining landowner; (d) when the sale is to a
39 land bank authorized under section 2 of this act; or (~~(d)~~) (e) when

1 no acceptable bids were received at the attempted public auction of
2 the property, if the sale is made within (~~twelve~~) 12 months from
3 the date of the attempted public auction.

4 (2) Except when a county legislative authority purchases the tax
5 foreclosed property for public purposes, the county legislative
6 authority must give notice to any city in which any tax foreclosed
7 property is located within at least (~~sixty~~) 60 days of acquiring
8 such property, and the county may not dispose of the property at
9 public auction or by private negotiation before giving such notice.
10 The notice must offer the city the opportunity to purchase the
11 property for the original minimum bid under RCW 84.64.080, together
12 with any direct costs incurred by the county in the sale. If the city
13 chooses to purchase the property, the following conditions apply:

14 (a) The city must accept the offer within (~~thirty~~) 30 days of
15 receiving notice, unless the county agrees to extend the offer;

16 (b) The city must provide that the property is suitable and will
17 be used for an affordable housing development as defined in RCW
18 36.130.010; and

19 (c) The city must agree to transfer the property to a local
20 housing authority, land bank, or (~~either~~) nonprofit entity eligible
21 to receive assistance from the affordable housing program under
22 chapter 43.185A RCW. The city must be reimbursed by the housing
23 authority, land bank, or (~~either~~) nonprofit entity for the amount
24 the city paid to purchase the property together with any direct costs
25 incurred by the city in the transfer to the housing authority, land
26 bank, or (~~either~~) nonprofit entity.

27 **Sec. 10.** RCW 35.21.755 and 2020 c 20 s 1011 are each amended to
28 read as follows:

29 (1) A public corporation, commission, or authority created
30 pursuant to RCW 35.21.730, 35.21.660, or 81.112.320 shall receive the
31 same immunity or exemption from taxation as that of the city, town,
32 or county creating the same: PROVIDED, That, except for (a) any
33 property within a special review district established by ordinance
34 prior to January 1, 1976, or listed on or which is within a district
35 listed on any federal or state register of historical sites, or (b)
36 any property owned, operated, or controlled by a public corporation
37 that is used primarily for low-income housing, or that is used as a
38 convention center, performing arts center, public assembly hall,
39 public meeting place, public esplanade, street, public way, public

1 open space, park, public utility corridor, or view corridor for the
2 general public, or (c) any blighted property owned, operated, or
3 controlled by a public corporation that was acquired for the purpose
4 of remediation and redevelopment of the property in accordance with
5 an agreement or plan approved by the city, town, or county in which
6 the property is located, or (d) any property owned, operated, or
7 controlled by a public corporation created under RCW 81.112.320, or
8 (e) any property owned, operated, or controlled by a public
9 corporation authorized as a land bank by a county under section 2 of
10 this act, any such public corporation, commission, or authority shall
11 pay to the county treasurer an annual excise tax equal to the amounts
12 which would be paid upon real property and personal property devoted
13 to the purposes of such public corporation, commission, or authority
14 were it in private ownership, and such real property and personal
15 property is acquired and/or operated under RCW 35.21.730 through
16 35.21.755, and the proceeds of such excise tax shall be allocated by
17 the county treasurer to the various taxing authorities in which such
18 property is situated, in the same manner as though the property were
19 in private ownership: PROVIDED FURTHER, That the provisions of
20 chapter 82.29A RCW shall not apply to property within a special
21 review district established by ordinance prior to January 1, 1976, or
22 listed on or which is within a district listed on any federal or
23 state register of historical sites and which is controlled by a
24 public corporation, commission, or authority created pursuant to RCW
25 35.21.730 or 35.21.660, which was in existence prior to January 1,
26 1987: AND PROVIDED FURTHER, That property within a special review
27 district established by ordinance prior to January 1, 1976, or
28 property which is listed on any federal or state register of
29 historical sites and controlled by a public corporation, commission,
30 or authority created pursuant to RCW 35.21.730 or 35.21.660, which
31 was in existence prior to January 1, 1976, shall receive the same
32 immunity or exemption from taxation as if such property had been
33 within a district listed on any such federal or state register of
34 historical sites as of January 1, 1976, and controlled by a public
35 corporation, commission, or authority created pursuant to RCW
36 35.21.730 or 35.21.660 which was in existence prior to January 1,
37 1976.

38 (2) As used in this section:

39 (a) "Low-income" means a total annual income, adjusted for family
40 size, not exceeding (~~fifty~~) 50 percent of the area median income.

1 (b) "Area median income" means:

2 (i) For an area within a standard metropolitan statistical area,
3 the area median income reported by the United States department of
4 housing and urban development for that standard metropolitan
5 statistical area; or

6 (ii) For an area not within a standard metropolitan statistical
7 area, the county median income reported by the department of
8 commerce.

9 (c) "Blighted property" means property that is contaminated with
10 hazardous substances as defined under RCW 70A.305.020.

11 NEW SECTION. **Sec. 11.** A new section is added to chapter 84.36
12 RCW to read as follows:

13 (1) All real and personal property owned or leased by a nonprofit
14 land bank authorized by a county under section 2 of this act is
15 exempt from property taxation.

16 (2) To qualify for this exemption, the nonprofit organization,
17 corporation, or association must be qualified for exemption under
18 section 501(c)(3) of the internal revenue code of 1986 (26 U.S.C.
19 Sec. 501(c)(3)). It must also have been organized to provide low-cost
20 land for affordable housing development.

21 NEW SECTION. **Sec. 12.** The definitions in this section apply
22 throughout this chapter unless the context clearly requires
23 otherwise.

24 (1) "Affordable housing" means residential housing that is rented
25 by a person or household whose monthly housing costs, including
26 utilities other than telephone, do not exceed 30 percent of the
27 household's monthly income.

28 (2) "City" means a city or town as defined in Title 35 or 35A
29 RCW.

30 (3) "Community land trust" means a community housing development
31 organization:

32 (a) That is not sponsored by a for-profit organization;

33 (b) That is established to:

34 (i) Acquire parcels of land, held in perpetuity, primarily for
35 conveyance under long-term ground leases;

36 (ii) Transfer ownership of any structural improvements located on
37 such leased parcels to the lessee; and

1 (iii) Retain a preemptive option to purchase any such structural
2 improvement at a price determined by formula that is designed to
3 ensure that the improvement remains affordable to low-income and
4 moderate-income families in perpetuity;

5 (c) Whose corporate membership is open to any adult resident of a
6 particular geographic area specified in the bylaws of the
7 organization; and

8 (d) Whose board of directors:

9 (i) Includes a majority of members who are elected by the
10 corporate membership; and

11 (ii) Is composed of equal numbers of:

12 (A) Lessees pursuant to (b) of this subsection;

13 (B) Corporate members who are not lessees; and

14 (C) Any other category of persons described in the bylaws of the
15 organization.

16 (4) "County" means a county as defined in Title 36 RCW.

17 (5) "Extremely low-income household" means a single person,
18 family, or unrelated persons living together whose income is at or
19 below 30 percent of the median income, as determined by the United
20 States department of housing and urban development, with adjustments
21 for household size, for the county where the land bank is located.

22 (6) "Land bank" means a land bank authorized by a county to serve
23 the urban growth areas of the county.

24 (7) "Low-income household" means a single person, family, or
25 unrelated persons living together whose income is above 50 percent
26 and at or below 80 percent of the median income, as determined by the
27 United States department of housing and urban development, with
28 adjustments for household size, for the county where the land bank is
29 located.

30 (8) "Moderate-income household" means a single person, family, or
31 unrelated persons living together whose income is above 80 percent
32 and at or below 120 percent of the median income, as determined by
33 the United States department of housing and urban development, with
34 adjustments for household size, for the county where the land bank is
35 located.

36 (9) "Permanently affordable homeownership" means units that, in
37 addition to meeting the definition of "affordable housing" in RCW
38 43.185A.010, are:

39 (a) Sponsored by a nonprofit organization or governmental entity;

1 (b) Subject to a ground lease or deed restriction, the forms of
2 which may include a ground lease, deed restriction, community land
3 trust lease, or affordability covenant that includes:

4 (i) A resale restriction designed to provide affordability for
5 future low and/or moderate-income homebuyers;

6 (ii) A right of first refusal for the sponsor organization to
7 purchase the home at resale, except in cases where the sponsoring
8 organization is a limited equity cooperative as defined by RCW
9 64.90.010 and is not partnered with a community land trust; and

10 (iii) A requirement that the sponsor must approve any refinancing
11 secured by the home, including home equity lines of credit, except in
12 cases where the sponsoring organization is a limited equity
13 cooperative as defined by RCW 64.90.010 and is not partnered with a
14 community land trust; and

15 (c) Sponsored by a nonprofit organization or governmental entity
16 and the sponsor organization:

17 (i) Executes a new ground lease or deed restriction, the forms of
18 which may include a ground lease, deed restriction, community land
19 trust lease, or affordability covenant with a duration of at least 99
20 years at the initial sale and at each successive sale of the home;
21 and

22 (ii) Supports homeowners and enforces the ground lease or deed
23 restriction.

24 (10) "Public improvements" has the same meaning as "public
25 improvement costs" as defined in RCW 39.114.010.

26 (11) "Very low-income household" means a single person, family,
27 or unrelated persons living together whose income is above 30 percent
28 and at or below 50 percent of the median income, as determined by the
29 United States department of housing and urban development, with
30 adjustments for household size, for the county where the land bank is
31 located.

32 NEW SECTION. **Sec. 13.** Sections 1 through 7 and 12 of this act
33 constitute a new chapter in Title 36 RCW.

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