
SECOND SUBSTITUTE SENATE BILL 5496

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)

READ FIRST TIME 02/28/25.

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

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

6 NEW SECTION. **Sec. 1.** The legislature finds that Washington
7 state is in a housing crisis, with few homes on the market that are
8 affordable to families of moderate incomes. The legislature has taken
9 steps in recent years to boost the state's housing supply through
10 grants and incentive programs, permitting reform, and increasing
11 density in certain land use zones. However, the state has seen the
12 average home price in Washington rise 55 percent between 2018 to
13 2021. During roughly the same time period, the change in share of
14 homes purchased by medium, large, and mega investors increased by 46
15 percent. These types of investors currently own just over seven
16 percent of the housing supply in Washington, locking out families
17 from real estate ownership opportunities and the ability to develop
18 intergenerational wealth. Therefore, the legislature intends to
19 prohibit large investment and business entities from purchasing more
20 of the state's existing stock of homes so that the affordable housing
21 supply is available for purchase by residents and families.

1 NEW SECTION. **Sec. 2.** (1)(a) A business entity that has an
2 interest in more than 50 single-family residential properties may not
3 purchase, acquire, or otherwise obtain an interest in another single-
4 family residential property.

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

7 (2) For the purposes of this section:

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

13 (b) "Investment entity" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28 **Sec. 3.** RCW 19.86.140 and 2024 c 256 s 2 are each amended to
29 read as follows:

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

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

36 Every person who violates RCW 19.86.020 shall forfeit and pay a
37 civil penalty of not more than \$7,500 for each violation: PROVIDED,
38 That nothing in this paragraph shall apply to any radio or television
39 broadcasting station which broadcasts, or to any publisher, printer

1 or distributor of any newspaper, magazine, billboard or other
2 advertising medium who publishes, prints or distributes, advertising
3 in good faith without knowledge of its false, deceptive or misleading
4 character.

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

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

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

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

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

31 NEW SECTION. **Sec. 4.** Section 2 of this act constitutes a new
32 chapter in Title 19 RCW.

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