

**E2SHB 1974** - S COMM AMD  
By Committee on Ways & Means

ADOPTED 03/05/2026

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** (1) The legislature finds that solving  
4 the state's housing crisis requires a multipronged approach. Finding,  
5 acquiring, and holding land in the predevelopment phase is a time-  
6 consuming opportunity cost for all developers and is particularly  
7 acute for developers of affordable housing. The legislature also  
8 finds that the state needs more affordable housing, and land banks  
9 play a crucial role in the housing ecosystem by finding, acquiring,  
10 and holding land until a developer is ready to build on the parcel or  
11 parcels.

12 (2) The legislature further finds that land banks provide a  
13 benefit to neighbors and the community by managing abandoned or  
14 underutilized properties, preventing blight and crime, and improving  
15 public health and safety. The state intends to enable land banks to  
16 operate regionally and provide incentives that result in reduced  
17 costs to hold property. In turn, land banks can coordinate with  
18 developers throughout their region to build mixed-income developments  
19 and give more Washingtonians a place to call home.

20 (3) Therefore, the legislature intends to authorize land banking  
21 authorities to:

22 (a) Operate as public land banks that hold property, tax-exempt,  
23 while preparing it for affordable housing and public benefit uses  
24 included with or attached to affordable housing;

25 (b) Prioritize equity, displacement prevention, and use of land  
26 acquisition and disposition strategies to expand capacity and address  
27 historical racial segregation, redlining, steering, and land  
28 prospecting, that has led to disparities in access to education,  
29 living wage employment, affordable housing, and transportation,  
30 particularly for Black, indigenous, and other communities of color,  
31 to ensure that future development remedies rather than reinforces  
32 these patterns; and

1 (c) Provide for governance and decision making that is  
2 representative, transparent, and inclusive so that land banking  
3 activities reflect the affordable housing needs of the region and  
4 help meet locally identified housing and infrastructure benchmarks.

5 NEW SECTION. **Sec. 2.** (1) A city or county legislative authority  
6 may authorize the establishment of a land bank by a public  
7 corporation established under RCW 35.21.730, a public housing  
8 authority established under chapter 35.82 RCW, or an entity exempt  
9 from federal income taxation under 26 U.S.C. Sec. 501(c)(3) of the  
10 internal revenue code of 1986, as amended. The city or county  
11 legislative authority must adopt an ordinance or resolution  
12 authorizing such entity to establish and operate a land bank. At a  
13 minimum, the ordinance or resolution must:

14 (a) State the public purpose of the land bank authority,  
15 including acquiring, holding, managing, and transferring property for  
16 affordable housing consistent with adopted local housing plans and  
17 chapter 36.70A RCW;

18 (b) Describe the governance or oversight structure applicable to  
19 the land bank authority; and

20 (c) Authorize the land bank authority to acquire, hold, lease,  
21 and transfer real property, including transfers at less than fair  
22 market value in exchange for affordability requirements authorized  
23 under this chapter.

24 (2) The legislative authorities of two or more contiguous  
25 counties may authorize the establishment of a land bank to be  
26 administered in accordance with an interlocal agreement.

27 NEW SECTION. **Sec. 3.** (1) A land bank authority may acquire,  
28 hold, manage, improve, lease, transfer, or dispose of real property  
29 to be used as affordable housing. Real property held in the inventory  
30 of a land bank must be legally owned by the land bank authority. A  
31 land bank authority may also enter into contracts necessary to  
32 prepare property for productive use, including clearing title,  
33 addressing outstanding liens or taxes, and undertaking predevelopment  
34 activities. However, an entity that is exempt from taxation under 26  
35 U.S.C. Sec. 501(c)(3) of the internal revenue code of 1986, as  
36 amended, and operating a land bank authority may not build or  
37 construct housing.

38 (2) Land acquisitions and dispositions must:

1 (a) Be consistent with any existing local, regional, or state  
2 housing plans and chapter 43.185B RCW, including the antidisplacement  
3 policies in the comprehensive plans of the county or city where the  
4 land is located; and

5 (b) Demonstrate alignment with adopted local housing targets  
6 under chapter 36.70A RCW.

7 (3) A land bank authority may lease or sell land to a housing  
8 developer at less than market rate in exchange for compliance with  
9 affordability requirements. Such transfers are not required to be  
10 made to the highest bidder.

11 (4) At least 50 percent of the land or property leased or sold by  
12 a land bank authority must include a covenant or deed restriction  
13 that the housing units developed or operated must maintain  
14 affordability requirements for at least 30 years as follows:

15 (a) Rental housing units must be affordable to households with an  
16 income at or below 80 percent of the area median income; and

17 (b) Owner-occupied housing units must be affordable to households  
18 with an income at or below 120 percent of the area median income.

19 NEW SECTION. **Sec. 4.** (1) Each land bank authority must prepare  
20 an annual report. The annual report must include:

21 (a) Real property parcels acquired, held, and transferred during  
22 the year;

23 (b) The manner of disposition and alignment with local housing  
24 and land use plans;

25 (c) How each action advanced a community benefit;

26 (d) The purchase price and assessed value of each parcel  
27 acquired;

28 (e) The sales price and assessed value of each parcel  
29 transferred;

30 (f) The number of housing units developed on each parcel  
31 transferred;

32 (g) The affordability covenants recorded for each parcel sold;  
33 and

34 (h) Progress toward advancing equity, preventing displacement,  
35 and meeting locally identified housing needs.

36 (2) A land bank authority must make annual reports publicly  
37 available and submit each report to any city or county in which it  
38 has acquired or transferred land or property in the last 12 months.  
39 Cities and counties receiving an annual report are encouraged to

1 provide feedback on the land bank's activities and alignment with  
2 local housing and land use plans to help guide compliance with local  
3 and regional housing plans.

4 NEW SECTION. **Sec. 5.** The definitions in this section apply  
5 throughout this chapter unless the context clearly requires  
6 otherwise.

7 (1) "Land bank" means the inventory of real property acquired,  
8 held, leased, or transferred by a land bank authority for purposes  
9 consistent with this chapter.

10 (2) "Land bank authority" means an entity authorized by ordinance  
11 or resolution of a city or county legislative authority to establish  
12 and operate a land bank under this chapter.

13 **Sec. 6.** RCW 36.35.150 and 2016 c 63 s 1 are each amended to read  
14 as follows:

15 (1) The county legislative authority may dispose of tax  
16 foreclosed property by private negotiation, without a call for bids,  
17 for not less than the principal amount of the unpaid taxes in any of  
18 the following cases: (a) When the sale is to any governmental agency  
19 and for public purposes; (b) when the county legislative authority  
20 determines that it is not practical to build on the property due to  
21 the physical characteristics of the property or legal restrictions on  
22 construction activities on the property; (c) when the property has an  
23 assessed value of less than (~~five hundred dollars~~) \$500 and the  
24 property is sold to an adjoining landowner; (~~or~~) (d) when no  
25 acceptable bids were received at the attempted public auction of the  
26 property, if the sale is made within (~~twelve~~) 12 months from the  
27 date of the attempted public auction; or (e) when the sale is to an  
28 entity operating a land bank authority under section 2 of this act.

29 (2) A county legislative authority must prioritize the transfer  
30 of tax foreclosed property to an entity operating a land bank  
31 authority under section 2 of this act.

32 (3) Except when a county legislative authority purchases the tax  
33 foreclosed property for public purposes or transfers the tax  
34 foreclosed property to an entity operating a land bank authority  
35 under section 2 of this act, the county legislative authority must  
36 give notice to any city in which any tax foreclosed property is  
37 located within at least (~~sixty~~) 60 days of acquiring such property,  
38 and the county may not dispose of the property at public auction or

1 by private negotiation before giving such notice. The notice must  
2 offer the city the opportunity to purchase the property for the  
3 original minimum bid under RCW 84.64.080, together with any direct  
4 costs incurred by the county in the sale. If the city chooses to  
5 purchase the property, the following conditions apply:

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

8 (b) The city must provide that the property is suitable and will  
9 be used for an affordable housing development as defined in RCW  
10 36.130.010; and

11 (c) The city must agree to transfer the property to a local  
12 housing authority, land bank authority, or (~~(either)~~) nonprofit entity  
13 eligible to receive assistance from the affordable housing program  
14 under chapter 43.185A RCW. The city must be reimbursed by the housing  
15 authority, land bank authority, or (~~(either)~~) nonprofit entity for the  
16 amount the city paid to purchase the property together with any  
17 direct costs incurred by the city in the transfer to the housing  
18 authority, land bank authority, or (~~(either)~~) nonprofit entity.

19 **Sec. 7.** RCW 35.21.755 and 2020 c 20 s 1011 are each amended to  
20 read as follows:

21 (1) A public corporation, commission, or authority created  
22 pursuant to RCW 35.21.730, 35.21.660, or 81.112.320, or a land bank  
23 authority established under section 2 of this act that is operated by  
24 a public corporation, shall receive the same immunity or exemption  
25 from taxation as that of the city, town, or county creating the same:  
26 PROVIDED, That, except for (a) any property within a special review  
27 district established by ordinance prior to January 1, 1976, or listed  
28 on or which is within a district listed on any federal or state  
29 register of historical sites, or (b) any property owned, operated, or  
30 controlled by a public corporation that is used primarily for low-  
31 income housing, or that is used as a convention center, performing  
32 arts center, public assembly hall, public meeting place, public  
33 esplanade, street, public way, public open space, park, public  
34 utility corridor, or view corridor for the general public, or (c) any  
35 blighted property owned, operated, or controlled by a public  
36 corporation that was acquired for the purpose of remediation and  
37 redevelopment of the property in accordance with an agreement or plan  
38 approved by the city, town, or county in which the property is  
39 located, or (d) any property owned, operated, or controlled by a

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

31 (2) As used in this section:

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

34 (b) "Area median income" means:

35 (i) For an area within a standard metropolitan statistical area,  
36 the area median income reported by the United States department of  
37 housing and urban development for that standard metropolitan  
38 statistical area; or

1 (ii) For an area not within a standard metropolitan statistical  
2 area, the county median income reported by the department of  
3 commerce.

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

6 **Sec. 8.** RCW 35.82.210 and 2000 c 187 s 2 are each amended to  
7 read as follows:

8 (1) The property of an authority is declared to be public  
9 property used for essential public and governmental purposes and such  
10 property and an authority shall be exempt from all taxes and special  
11 assessments of the city, the county, the state or any political  
12 subdivision thereof: PROVIDED, HOWEVER, That, except for any property  
13 owned by a land bank authority operated by a housing authority under  
14 section 2 of this act, in lieu of such taxes an authority may agree  
15 to make payments to the city or the county or any such political  
16 subdivision for improvements, services and facilities furnished by  
17 such city, county or political subdivision for the benefit of a  
18 housing project, but in no event shall such payments exceed the  
19 amount last levied as the annual tax of such city, county or  
20 political subdivision upon the property included in said project  
21 prior to the time of its acquisition by the authority.

22 (2) For the sole purpose of the exemption from tax under this  
23 section:

24 (a) "Authority," in addition to the meaning in RCW 35.82.020,  
25 also means tribal housing authorities (~~and~~), intertribal housing  
26 authorities(~~-~~), and a land bank authority owned, operated, or  
27 controlled by a housing authority under section 2 of this act.

28 (b) "Intertribal housing authority" means a housing authority  
29 created by a consortium of tribal governments to operate and  
30 administer housing programs for persons of low income or senior  
31 citizens for and on behalf of such tribes.

32 (c) "Tribal government" means the governing body of a federally  
33 recognized Indian tribe.

34 (d) "Tribal housing authority" means the tribal government or an  
35 agency or branch of the tribal government that operates and  
36 administers housing programs for persons of low income or senior  
37 citizens.

1        NEW SECTION.    **Sec. 9.**    (1) All real and personal property owned  
2 by a nonprofit entity operating a land bank authority under section 2  
3 of this act is exempt from property taxation.

4        (2) To qualify for this exemption, the nonprofit entity must be  
5 exempt from taxation under 26 U.S.C. Sec. 501(c)(3) of the internal  
6 revenue code of 1986, as amended.

7        NEW SECTION.    **Sec. 10.**    (1) This section is the tax preference  
8 performance statement for the tax preferences in sections 7 through 9  
9 of this act. This performance statement is only intended to be used  
10 for subsequent evaluation of the tax preferences. It is not intended  
11 to create a private right of action by any party or be used to  
12 determine eligibility for preferential tax treatment.

13        (2) The legislature categorizes this tax preference as one  
14 intended to induce certain designated behavior by taxpayers, as  
15 indicated in RCW 82.32.808(2)(a).

16        (3) It is the legislature's specific public policy objective to:

17        (a) Encourage sales or transfers of real property to land bank  
18 authorities that intend the property to be used for affordable  
19 housing; and

20        (b) Reduce the cost of land for housing development by allowing  
21 land bank authorities to own land or property without being subject  
22 to state or local property tax.

23        (4) If a review finds that the tax preferences in sections 7  
24 through 9 of this act have not reduced the cost of land for housing  
25 development, then the legislature intends to consider repealing the  
26 tax preferences.

27        (5) In order to obtain the data necessary to perform the review  
28 in subsection (4) of this section, the joint legislative audit and  
29 review committee may refer to any available data source, including  
30 county records identifying the assessed value, sales value, and  
31 number of housing units developed for any property acquired or  
32 transferred by a land bank authority.

33        NEW SECTION.    **Sec. 11.**    The provisions of RCW 82.32.805 do not  
34 apply to sections 7 through 9 of this act.

35        NEW SECTION.    **Sec. 12.**    Sections 2 through 5 and 9 of this act  
36 constitute a new chapter in Title 35 RCW."

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By Committee on Ways & Means

**ADOPTED 03/05/2026**

1        On page 1, line 1 of the title, after "authorities;" strike the  
2 remainder of the title and insert "amending RCW 36.35.150, 35.21.755,  
3 and 35.82.210; adding a new chapter to Title 35 RCW; and creating new  
4 sections."

EFFECT: Makes a technical change to the tax preference performance statement.

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