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ENGROSSED 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)

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 median home price in Washington rise 74 percent between 2018 to 2024,  
13 where in 2024, large institutional investors holding portfolios of  
14 more than 100 single-family homes increased their holdings in the  
15 Seattle metropolitan region by approximately 31 percent. The  
16 legislature further finds that the concentration of single-family  
17 homes in large institutional investor portfolios reduces  
18 opportunities for Washington residents and families to purchase homes  
19 and build intergenerational wealth, particularly in the state's  
20 highest demand housing markets. Therefore, the legislature intends to  
21 prohibit large investment and business entities from purchasing more

1 of the state's existing stock of homes so that the affordable housing  
2 supply is available for purchase by residents and families.

3 NEW SECTION. **Sec. 2.** (1)(a) A business entity that has an  
4 interest in more than 100 single-family residential properties may  
5 not purchase, acquire, or otherwise obtain an interest in another  
6 single-family residential property.

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

9 (2) For the purposes of this section:

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

15 (b) "Investment entity" means:

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

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

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

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

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

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

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

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

- 1 (a) A nonprofit corporation or other nonprofit legal entity;
- 2 (b) Purchasing an existing single-family residential property and  
3 making modifications to the property that are necessary to achieve  
4 substantial compliance with existing building codes;
- 5 (c) Purchasing an existing single-family residential property to  
6 increase the number of residential units on the property, which may  
7 include single-family or multifamily units, only if the entity does  
8 not hold a single-family residential structure longer than five years  
9 without applying for building permits for the property;
- 10 (d) Acquiring an ownership interest in single-family residential  
11 property through the construction of new properties; or
- 12 (e) A business entity purchasing through foreclosure or otherwise  
13 acquiring a single-family residential property where the business  
14 entity is currently servicing a recorded loan on the property.
- 15 (4) The legislature finds that the practices covered by this  
16 section are matters vitally affecting the public interest for the  
17 purpose of applying the consumer protection act, chapter 19.86 RCW. A  
18 violation of this section is not reasonable in relation to the  
19 development and preservation of business and is an unfair or  
20 deceptive act in trade or commerce and an unfair method of  
21 competition for the purpose of applying the consumer protection act,  
22 chapter 19.86 RCW.
- 23 (5) A seller of a single-family residential property is not  
24 liable for any violation of this section.
- 25 (6) Real estate brokers licensed under chapter 18.85 RCW are not  
26 liable in any civil, administrative, or other proceeding for the  
27 failure of any seller, buyer, or other property owner to comply with  
28 the requirements of this section.
- 29 (7) Title insurers licensed under chapter 48.29 RCW are not  
30 liable in any civil, administrative, or other proceeding for the  
31 failure of any seller, buyer, or other property owner to comply with  
32 the requirements of this section.

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

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

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

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

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

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

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

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

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

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

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