

# 2025

## WASHINGTON LEGISLATIVE SESSION WRAP UP



The 2025 Washington State legislative session was one of the most intense and emotionally charged in recent memory, shaped by deep political divides, a \$16 billion “budget deficit”, and the tragic losses of several lawmakers and their loved ones. From the outset, ideological rifts over how to address the fiscal crisis fueled tension both across party lines and within caucuses.

The budget dominated the session, with proposed cuts sparking protests and prompting a wide range of revenue proposals — from a wealth tax to capital gains taxes and from expanded sales and business tax bases to bonding measures. Lawmakers ultimately passed a \$77.8 billion operating budget, including nearly \$6 billion in cuts and \$9 billion in new revenue — far short of Democrats’ initial goals.

The session was further marked by the untimely passing of former House Speaker Frank Chopp (D-43), Senator Bill Ramos (D-5), and Autumn Gildon, wife of Senator Chris Gildon (R-25), losses that deeply impacted the legislative community. Governor Ferguson, who had previously rejected multiple revenue proposals as too risky, has not yet indicated whether he will fully approve the final budget or issue partial vetoes. He has until May 20 to take action. His decision could either solidify cooperation with the legislative majority or prompt a special session.

# PRIORITY BILLS



**EHB1217**– Rent Control  
Signed May 7  
EFFECTIVE IMMEDIATELY  
[WMFHA Oppose]  
(Alvarado, D-34)

[CLICK FOR FULL BILL REPORT](#)



**HB1621**– Eviction Reform  
Signed May 13  
EFFECTIVE IMMEDIATELY  
[WMFHA Support]  
(Macrí, D-43)

[CLICK FOR FULL BILL REPORT](#)



**ESB5313**– Rental Agreement Changes  
Signed May 7,  
Effective July 27  
[WMFHA opposed initial version,  
neutral for final passage]  
(Pedersen, D-43)

[CLICK FOR FULL BILL REPORT](#)



**HB1003**– Notice by Mail  
Signed April 11,  
Effective July 26  
[WMFHA Opposed]  
(Abbarno, R-20)

[CLICK FOR FULL BILL REPORT](#)



**SB5661**– Statewide Preemption – Died  
[WMFHA Support]  
(Goehner R-12)

[CLICK FOR FULL BILL REPORT](#)

# OTHER HOUSING BILLS PASSED THIS SESSION

- **HB 1858 (Scott, D-43)** - Removes the exemption for assignments or substitutions of previously recorded deeds of trust from the \$183 housing and homelessness document recording surcharge. Removes the exemption for assignments or substitutions of previously recorded deeds of trust from the \$100 Covenant Homeownership Program assessment.
- **EHB 1403 (Taylor, D-30)** - Reforms the state condo liability code to promote greater condo development.
- **2SHB 1516 (Hill, D-3)** - Requires the Office of the Insurance Commissioner to conduct a study of insurance coverage options and approaches to reduce condominium construction defect liability for permanently affordable homeownership units.
- **2SHB 1696 (Taylor, D-30)** - Modifies the Covenant Homeownership Program by raising the area median income threshold for eligibility to 120 percent, authorizing full loan forgiveness under certain circumstances, and modifying one of the membership positions on the oversight committee.
- **SSB 5221 (Bateman, D-22)** - Authorizes a county treasurer to waive personal property taxes if the cost for the county to collect and distraint the property is more than the tax due. Establishes a process for an owner of property in a notice of distraint to apply for a refund of the excess distraint sale proceeds. Allows a person to have a new certificate of title created if certain property is purchased in a county's foreclosure or distraint sale where no title can be found.
- **HB 1757 (Walen, D-48)** - Extends allowances for existing buildings to be used for residential purposes in commercial and mixed-use zones to existing buildings in residential zones. Prohibits a city from requiring a change of use permit for the conversion of an existing building to residential purposes. Exempts portions of an existing building to be used for residential purposes from State Energy Code requirements if certain conditions are met.
- **E2SSB 5148 (Bateman, D-22)** - Creates a voluntary compliance review process for housing elements and housing development regulations required under the Growth Management Act, including certain timelines, application requirements, and criteria that the Department of Commerce (Commerce) must consider when issuing a determination of compliance. Authorizes Commerce to select up to 10 fully planning cities or counties per calendar year for a targeted mandatory compliance review based on certain criteria. Provides that housing elements and housing development regulations subject to review by Commerce do not take effect until Commerce issues a final decision determining compliance.
- **SSB 5587 (Cleveland, D-49)** - Requires the Washington Center for Real Estate Research to provide a biennial analysis of each county's progress in closing the gap between existing housing units and estimated housing needs. Directs the Public Works Board to consider whether a project encourages infill development or an increase in affordable housing in counties identified as having a gap when prioritizing applications for grants and loans.
- **3SHB 1491 (Reed, D-36)** - Requires cities planning under the Growth Management Act to allow new residential and mixed-use development within a station area at certain transit-oriented development (TOD) densities. Establishes affordability requirements and authorizes a 20-year multifamily property tax exemption (MFTE) for residential and mixed use buildings constructed within a station area. Requires a city to reduce certain impact fees by 50% if the project is within a station area and claiming the new 20-year MFTE.
- **ESB 5471 (Goehner, R-12)** - Allows a fully planning county to authorize middle housing on each parcel that permits single-family residences in designated urban growth areas (UGAs) and limited areas of more intensive rural development (LAMIRDs). Limits any middle housing in a designated UGA or LAMIRD to four residential units per lot.
- **E2SHB 1096 (Barkis, R-2)** - Requires cities subject to middle housing minimum residential density requirements to establish a process for review and approval of an administrative lot split, which may be combined with concurrent review of a residential building permit for new single-family or middle housing.
- **E2SHB 1108 (Klicker, R-16)** - Creates a legislative task force to analyze housing cost drivers.
- **HB 1075 (Walen, D-48)** - Removes the requirement that rents may not exceed 15 percent of the area median income for dwelling units or mobile home lots in low-income housing developments financed by a public housing authority and owned by a for-profit entity.
- **SB 5184 (Bateman, D-22)** - Reforms minimum parking requirements to allow for the market to dictate parking needs leading to greater housing development.
- **HB 1576 (Walen, D-48)** - Puts greater procedural clarity around designation of properties as historic landmarks, lowering costs for housing development and housing rehabilitation projects.





# OTHER RELEVANT BILLS

- **HB 1308 (Reed, D-36)** – Personnel records: requires a private employer to provide an employee or former employee with a copy of the employee's personnel file within 21 days of a request.
- **SB 5284 (Lovelett, D-40)** – Creates an extended producer responsibility (EPR) system in Washington which will raise costs for businesses and consumers.
- **HB 2049 (Bergquist, D-11)** – Allows school districts to increase the school enrichment levies gradually over several years which will increase disparities between districts and lead to another constitutional education funding lawsuit. Originally this bill would have allowed counties to increase their tax levy lid from 1% to 3%. Despite still having negative implications, the change was a big win for housing costs in Washington state.
- **SB 5794 (Salomon, D-32)** – Eliminates certain tax preferences and clarifies legislative intent.

## BILLS WE HELPED KILL THIS SESSION

- **SB5469** – Would have prohibited a service provider from collecting or analyzing certain data to provide recommendations regarding rental prices, lease renewal terms or occupancy levels for more than one landlord, and landlords from contracting with service providers to receive the recommendations.
- **HB 1915** – Would have strengthened tenant protections. Washington state already has robust protections, and while well intentioned, this bill would have brought unnecessary burdens to our members and the residents they serve.
- **SHB 1927** – Facilitating only positive rent payment information to consumer reporting agencies at a tenant's request.
- **HB 2024 (SSB 5770)** – Would have created a primary residence property tax exemption, which would have shifted the tax burden to multifamily housing and other forms of real estate.



# EHB1217- Rent Control

Effective Date: May 7, 2025

End Date: May 7, 2040

## Residential Provisions:

- No rent increases in the first year of tenancy
- Following the first year, no more than 7% + CPI for yearly rent increase (Up to 10%)
- 90 days' notice for any rent increases
- No caps on:
  - Security deposits
  - Late fees
  - Move-in fees
- Explicit vacancy decontrol: Rents may be increased beyond the cap in-between tenancies
- No more than 5% difference allowed for terms of a month-to-month vs term lease

## Tenant Recourse if Housing Provider Violates Rent Cap:

- If a housing provider increases rent by an amount higher than allowed in this bill, the tenant must provide the opportunity to cure by providing a written demand to lower the rent
- Resident may terminate the lease with 20 days' notice

## Resident or Attorney General may bring action to enforce compliance:

- If a housing provider is found in violation damages could include:
  - Damages of excess rent, fees and costs paid
  - Up to three months' rent,
  - Reasonable attorney fees
  - The AG may recover civil penalties of no more than \$7,500 for each violation in addition to other remedies
- A housing provider may not report tenants' failure to pay unlawfully increased rent

## Exemptions:

- Buildings that are 12 years old or less
- Public housing authority, public development authority, nonprofit organization
- Owner occupied building up to a fourplex



# EHB1217- Rent Control

Effective Date: May 7, 2025

End Date: July 1, 2040

## FAQs

### What is CPI? How do I find it?

CPI is the Consumer Price Index. The bill directs the Department of Commerce (Commerce) to calculate and publish the maximum annual rent increase percentage allowed on Commerce's website and in a press release. The information should be available online in an easy to access format relatively soon. The bill defines CPI as the June 12-month percent change in the CPI for all urban consumers (i.e. CPI-U), all items, for the Seattle area as published by the U.S. Bureau of Labor Statistics. This information is available on the U.S. BLS webpage [HERE](#).

### Is the new policy retroactive, and what does that mean for notices already issued?

No, our interpretation—consistent with that of legislative staff—is that the policy is not retroactive. This means that if you issued a rent increase notice prior to the policy's effective date, it was done in compliance with the legal framework in place at that time.

**However**, if the notice includes a rent increase that exceeds the newly established cap, we strongly recommend consulting legal counsel to assess any potential risk and ensure compliance moving forward.

### What does the “lease parity” provision in EHB 1217 mean, and does it apply to both new leases and renewals?

The “lease parity” provision is intended to ensure that month-to-month rental rates cannot exceed the fixed-term (e.g., 12-month) lease rate by more than 5% for the same unit. This applies to both new leases and lease renewals and is designed to prevent significant pricing differences based solely on lease duration.

### How is the 5% lease variability cap calculated?

The 5% cap applies to the spread between the lowest and highest rent increases offered across lease terms. This means the difference between the lowest rent increase (e.g., for a 12-month lease) and the highest (e.g., month-to-month) cannot exceed 5% for the same unit.

### What damages and penalties are allowed under EHB 1217?

Under EHB 1217, tenants or the Washington State Attorney General may bring an action for violations. If a landlord is found in violation, damages may include any excess rent, fees, or costs paid by the tenant, up to three months of unlawful charges, and reasonable attorneys' fees. Total civil penalties are capped at \$7,500 per violation. These remedies are in addition to other damages allowed (excess rent paid, up to three months' rent, reasonable attorney's fees).

**Legal Disclaimer.** *The information provided here is for general informational purposes only and does not constitute legal advice. Our organization is not authorized to provide legal counsel to members.*

*We strongly recommend that you consult with qualified legal counsel to assess risk, ensure compliance, and develop policies in response to the changes enacted by this law.*



# BUDGET & GOVERNOR ACTION

## Operating Budget Overview

The 2025–27 operating budget process was dominated by a projected \$16 billion deficit, sparking intense debate and public protest. Lawmakers considered various revenue options, including capital gains taxes, expanded sales tax bases, and bond measures. The final budget, SB 5167, appropriates \$77.87 billion, an 8.2% increase—or nearly \$6 billion more than the 2023–25 budget. Despite its size (1,366 pages), it moved from conference committee to final passage in less than 30 hours. **The budget passed the House 52–45, with 6 Democrats joining all Republicans in opposition. The Senate approved it 28–19, with Sen. Deborah Krishnadasan (D–Gig Harbor), a moderate facing re-election, casting the lone Democratic "no" vote.**

While assuming significant savings, the budget increases spending by \$1.039 billion above the maintenance level. It reallocates funding to new priorities, including state and nonstate employee collective bargaining agreements, and does not include state employee furloughs as earlier drafts had. The projected ending balance for the biennium is \$225 million, with \$2.3 billion in total reserves, including \$2.1 billion in the Rainy-Day Fund — a reserve level Governor Ferguson emphasized as essential for final approval.

## Capital Budget ... the Bipartisan Budget

Senate Bill 5195 (Trudeau, D–Tacoma) is truly a bi-partisan budget being approved unanimously in both the House and Senate. The proposed compromise 2025–27 biennial capital budget makes major investments including \$975 million for K–12 education, \$827 million for natural resources, and \$772 million for housing and homelessness. The budget also includes \$375 million from the climate commitment account to support projects aligned with environmental and energy goals.

## Governor's Actions

During the 105-day session, the Legislature passed over 400 bills; many along with the operating budget and revenue package now await action from Governor Ferguson, **who has until May 20 to take action.** The governor has 20 days (not counting Sundays) from the end of the regular session to take action on bills passed by the 2025 Legislature. Pursuant to the State Constitution, the governor can take 1 of 4 actions on bills. The governor can sign a bill into law in its entirety, veto the entire bill, partially veto bills by eliminating entire sections of a policy bill or eliminate sub-sections of bills that contain an appropriation, or take no action by May 20 and the bill becomes law (no pocket veto like the U.S President). Only 3 bills in state history have become law by the governor taking no action.

*Thank you to our members for your unwavering engagement throughout the legislative session. Your advocacy, outreach, and persistence made a real difference—helping us shape the conversation, influence outcomes, and push back against some of the most impactful policy proposals this session. **Together, we moved the needle and protected our industry when it mattered most.***