

2025

WASHINGTON REALTORS®

LEGISLATIVE PRIORITIES



PRO HOUSING POLICY

(HB 1096) LOT SPLITTING/SUBDIVISION REFORM:

✓ SUPPORT

REALTORS® support easing restrictions on lot splitting to:

- Offer existing homeowners the opportunity to maintain homeownership in changing life circumstances.
- Facilitate the development of middle housing, which can provide more affordable ownership opportunities for homebuyers, including first-time homebuyers.
- Create a streamlined, integrated process for lot splitting and residential building permit applications, helping both homeowners and cities.

Overall, Washington needs expanded housing options and to make homeownership more accessible and affordable.

(HB 1491) TOD & HOUSING SUPPLY:

≡ NEUTRAL

- Increasing housing supply in Transit Oriented Development station areas will be critical to addressing the housing supply and affordability crisis. WR supports TOD proposals that will incentivize more development in TOD station areas and increase housing density in station areas.
- WR believes that increasing supply of both market-rate and affordable units can be achieved through

programs like the Multifamily Tax Exemption (MFTE) program which has a proven record of success.

(HB 1345/SB 5413) RURAL DETACHED ADUs:

✓ SUPPORT

- The policy aims to create affordable housing options by allowing detached Accessory Dwelling Units (ADUs) in rural areas, which can be built quickly and help toward relieving housing demand pressures.

(HB 1403 & HB 1516) CONDOMINIUM LIABILITY REFORM:

✓ SUPPORT

- New condominium supply in Washington State has been extremely limited due to the State's condominium liability law. This law, which is a statutory "implied warranty," often leaves developers vulnerable to litigation and very few incentives to build condominiums in Washington.
- WR supports exempting small condominium buildings and ADUs converted to condominiums from the statutory implied warranty. As an alternative, require an express warranty modeled on the 2-10 Warranty commonly used in single-family home construction. This concept intends to incentivize Middle Housing, ADUs, and small infill multifamily.



SCAN QR CODE TO VIEW THE FULL DETAILS OF THE 2025 LEGISLATIVE PRIORITIES ONLINE

Or visit: <https://warealtor.org/legsession>



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FISCAL CONCERNS

Substantive budget discussions begin after the March economic forecast. That said, there may not be a specific bill to reference. However, with such a large projected budget shortfall over the next four years there is valid concern for new, or increased, taxes on real estate.

Some policies that raise concern include:

REET:

X OPPOSE

- REALTORS® oppose an increase to the current Real Estate Excise Tax rate for its impact on the cost of real estate and downstream impacts, e.g., building equity and reduced inventory.

BUSINESS & OCCUPATION TAX (B&O):

X OPPOSE

- B&O taxes place a burden on businesses big and small. Specific to the real estate industry, REALTORS® do not benefit from the state's small business B&O tax credit and therefore oppose proposals to increase the tax on real estate and other professional services.

SALES TAX ON SERVICES:

X OPPOSE

- REALTORS® oppose applying sales tax to real estate services and other professional services. Real estate already pays high B&O and real estate excise taxes.

CAPITAL GAINS:

X OPPOSE

- REALTORS® continue to support the exemption of real estate from capital gains.
- Washington State's general fund relies primarily on retail sales tax, property tax, business, and occupation tax, use tax, cigarette tax, and real estate excise tax (REET). Of these six funding mechanisms, real estate either contributes, or fully funds, three of these sources.

PROPERTY TAX:

X OPPOSE

Raising the lid from 1% to 3%.

- Property tax is the largest source of revenue for government. REALTORS® support the existing limits on property tax increases, and the ability of voters to increase property tax revenue beyond the 1% limit through a 60% vote.

ADDITIONAL KEY ISSUES

(HB 1552) WCRER FUNDING:

✓ SUPPORT

- The Washington Center for Real Estate Research (WCRER) at the University of Washington provides a range of market data and research reports focusing on housing in Washington State. The center provides credible research, value-added information, education services and project-oriented research.
- Established by the State Legislature in 1999, WCRER is primarily funded through a \$10 fee on real estate broker license renewals. The legislative authorization for the center and the accompanying fee is set to expire in September 2025, and the fee has not been adjusted for inflation for over 20 years.
- WR supports increasing the license fee to \$20 and extending the center's authorization through 2035.

(HB 1217/SB 5222) RENT CONTROL:

X OPPOSE

- REALTORS® believe the solution to rental prices is to increase the supply of rental units. Similar to the price of home ownership, the price of rent is influenced by

the market. Rental prices increase when vacancy rates are low. The best tool government has for addressing affordable rental rates is to encourage an increased supply of rental units to meet demand through local development regulations. Rent control/ stabilization legislation not only threatens the traditional rights of property owners, but also has the potential to significantly reduce investment in housing.

- Overall, while the bill aims to protect tenants and seeks stability, it raises serious concerns about potential negative long-term impacts on housing supply and affordability.

(SHB 1022) HOMES FOR HEROES:

✓ SUPPORT

This proposal intends to create a down payment and closing cost assistance program for people who work in targeted professions and meet certain income requirements.

- REALTORS® support opportunities to increase homeownership.

