

# 2025 legislative session: Housing and homelessness highlights

## 2025-2027 State Budgets

(does not include federal funding)

### Capital budget: \$659.6 million

- \$605.2 million for the Housing Trust Fund, including:
  - \$215 million for multi-family rental housing
  - \$100 million for Apple Health Homes permanent supportive housing
  - \$50 million for housing preservation funding
  - \$50 million for housing for people with intellectual and developmental disabilities
  - \$10 million for rapid capital acquisition
  - \$75 million for homeownership projects
  - \$17.5 million to preserve mobile home communities
  - \$10 million for mobile home communities' infrastructure improvements
  - \$5 million for urgent repair grants at multifamily affordable Housing Trust Fund portfolio projects
  - \$5 million for migrant/seasonal/temporary farmworker housing
  - \$3 million for pre-construction and technical assistance
  - \$64.7 million for direct appropriation projects
  - Tribal funding target of 10% of competitive multi-family and homeownership programs
- \$22.2 million for Affordable Housing Supply and Preservation
  - \$515,000 for affordable housing preservation competitive
  - \$21.7 million in direct appropriations
- \$14.8 million for Recovery Residences
  - \$10.2 million for new competitive program to be developed
  - \$4.6 million for direct appropriations
- \$8.3 million for Transit Oriented Development (direct appropriations)
- \$9.1 million for Youth Shelters and Housing (direct appropriations)

#### Other programs

- \$100 million for the Connecting Housing to Infrastructure Program (CHIP), administered by Commerce's Local Government Division, including \$15 million for a pilot project in central Washington.

### Operating budget: \$1.2 billion

#### Adult and family homelessness programs

- \$484 million for adult and family homelessness programs
    - Similar to the 2023-25 biennium, plus around 5% additional funding for inflation and to partially backfill the document recording fee (DRF) shortfalls at the state and local level
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- \$137.1 million for the Housing and Essential Needs Program, providing rental assistance and essential supplies to low-income disabled individuals who are homeless or at risk of homelessness
  - This is the same level of funding as 2023-25
- \$90.1 million for the Encampment Resolution Program, supporting existing housing projects funded in 2023-25
- \$4 million for Washington Youth and Families Fund (20% reduction from 2023-25)

#### **Youth and young adult homelessness programs**

- \$80.8 million for youth and young adult homelessness; most programs funded at similar level as the 2023-25 biennium with small inflationary increases, with some programs reduced or eliminated:
  - \$1 million for Protected Health Care for Youth program (50% reduction)
  - \$4 million for Diversion and Prevention Services program (20% reduction)
  - \$3.825 million for the Arlington Drive Youth Campus (10% reduction)
  - \$1.406 million for Youth Reconciliation/Homeless Youth Supports program (10% reduction)
  - \$7.6 million for the Anchor Community Initiative (5% reduction)
  - Elimination of Lifeline Support System Pilot Project
  - Elimination of Youth Homelessness Prevention Workgroup

#### **Apple Health & Homes programs (AHAH)**

- \$91.7 million for ongoing permanent supportive housing (PSH) operating and maintenance commitments (no funding for new projects)
- \$25 million for operations, maintenance, and services grants to PSH projects funded through the AHAH Capital Program
- \$6.5 million for PSH vouchers and capacity grants (78% reduction)
- Sweep of \$15 million from Apple Health & Homes Account, reducing the account to \$0 at the end of the biennium
- \$50,000 for the PSH Advisory Committee (84% reduction)
- \$22.5 million for the Community Behavioral Rent Assistance voucher program (5% reduction)
- Elimination of Recovery Residence operating funding (previously transferred to Health Care Authority)

#### **Homeownership programs**

- \$4.8 million for the Foreclosure Fairness Program, plus approval of a new funding source to generate an estimated \$7.1 million each year
- \$458,000 for Mobile Home Community Sales and Relocation Assistance Program
- \$162,000 for Manufactured/Mobile Home Notices of Sale program expansion, per [SB 5298 \(Chapter 393, Laws of 2025\)](#)

#### **Landlord Mitigation Program**

- \$11.6 million for assistance for landlords renting to tenants using rental assistance

#### **Other programs**

- \$200 million for the Covenant Homeownership Program created in [43.181 RCW](#), which is contracted by Commerce to the Washington State Housing Finance Commission to administer.
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# Legislation

## Affordable housing and homelessness funding

- [HB 1260 \(Chapter 74, Laws of 2025\)](#) **Document recording fee admin:** Adjusts the statute to clarify calculations for administrative allowances and affordable housing activities for funds retained by counties.
- [HB 1858 \(Chapter 100, Laws of 2025\)](#) **Deed of trust assignment/fee:** Eliminates the exemption for assignments or substitutions from the DRF and Covenant Homeownership Program (CHP) Assessment.
  - Estimated to bring in an additional \$34 million per year for state homeless/housing services, \$15.5 million per year of locally retained document recording fees, and \$27 million per year for the CHP.

## Homelessness assistance

- [HB 1899 \(Chapter 160, Laws of 2025\)](#) **Homelessness point-in-time:** Removes the requirement for an annual statewide census of people experiencing homelessness. Instead, Commerce will set the schedule, consistent with statutory requirements related to the Homeless Management Information System (HMIS).
- [SB 5232 \(Chapter 408, Laws of 2025\)](#) **Essential needs program uses:** Modifies the Housing and Essential Needs (HEN) program to add cash assistance as an allowable use, expands eligibility for people transitioning to federal benefits to continue to receive HEN assistance, ensures non-citizens are eligible for the benefit, and gives Commerce discretion in setting the administrative rate. It also sets the required timeframe for HEN providers to check eligibility at 12 months.

## Homeownership

- [HB 1516 \(Chapter 202, Laws of 2025\)](#) **Insurance/affordable units:** Requires the Office of the Insurance Commissioner to conduct a study on how projects that develop permanently affordable homeownership units use different insurance options.
- [HB 1696 \(Chapter 143, Laws of 2025\)](#) **Covenant homeownership program:** Expands WSHFC's authority to forgive loans after five years of repayments and to offer loans to households with incomes up to 140% AMI in counties where they deem the need for housing.
- [HB 1760 \(Chapter 68, Laws of 2025\)](#) **Manufactured homes/org sale:** Exempts specific entities from the definition of "vehicle dealer" as well as licensing requirements if the entities do not sell more than 12 manufactured homes in any 12-month period to low-income households at cost.
- [HB 5298 \(Chapter 205, Laws of 2025\)](#) **Mobile home community sale:** Repeals the Notice of Sale process and clarifies the Notice of Opportunity to Compete to Purchase process and timelines to allow tenants to receive information and resources.
- [SB 5686 \(Chapter 393, Laws of 2025\)](#) **Foreclosure Mediation Program:** Modifies and expands the Foreclosure Mediation Program to incorporate mediation requirements for HOA and COA foreclosures. Adds a new foreclosure prevention fee based on residential mortgage loan originations.

## Landlord-tenant law

- [HB 1217 \(Chapter 209, Laws of 2025\)](#) **Residential tenant housing stability:** Caps rent increases for rental housing rents to no more than 7% plus the CPI rate or 10%, whichever is less, in a 12-month period and caps manufactured housing community lot rents to no more than 5%; prohibits any increase during the first 12 months of tenancy; increases the necessary notice timeframe when a rent/fee increase is greater than 3%; creates an online landlord resource center.
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## Youth homelessness

- [HB 1540 \(Chapter 92, Laws of 2025\)](#) **Homelessness/tribal colleges:** Amends statute to include tribal colleges in the list of institutions eligible to create programming supporting the needs of students experiencing homelessness.

## Land use and building regulation (Local Government Division)

- [HB 1039 \(Chapter 258, Laws of 2025\)](#) **Extends governmental services from cities to tribal lands:** Allows cities to extend urban services such as water and sewer onto neighboring tribal lands with urban development, provided an intergovernmental agreement is reached. Intergovernmental agreements must be established by Dec. 31, 2028. This creates opportunity for more intense housing development on tribal lands.
  - [HB 1096 \(Chapter 301, Laws of 2025\)](#) **Lot splitting:** Requires cities to establish an administrative approval process to split a lot into two lots meeting minimum lot size, which may be combined with concurrent review of a residential building permit for new single-family or middle housing.
  - [HB 1183 \(Chapter 139, Laws of 2025\)](#) **Building code and development regulations:** Requires GMA-planning jurisdictions to modify setback, height limit, and gross floor area calculation requirements for certain developments to encourage energy efficiency; modifies off-street parking and affordable housing unit size requirements.
  - [HB 1353 \(Chapter 22, Laws of 2025\)](#) **ADU self-certification:** Allows GMA-planning cities to adopt rules and operate self-certification programs wherein registered architects can certify compliance with applicable building codes for ADUs; requires these cities to submit a report on its program to Commerce by July 31, 2028; Commerce reports to the Legislature by December 31, 2028.
  - [HB 1491 \(Chapter 267, Laws of 2025\)](#) **Transit Oriented Development (TOD):** Requires higher minimum densities around transit stations .5 miles from rail or .25 miles from bus rapid transit stations; requires new buildings in station areas to require at least 10% of the units be affordable or workforce housing for 50 years; mandates a 20-year multi-family tax exemption (MFTE) for residential and mixed-use buildings constructed within a station area. Creates a SEPA exemption to encourage mixed-use and housing development within these areas. Requires the Washington State Department of Transportation to review surplus property for potential siting of affordable housing development.
  - [HB 1494 \(Chapter 164, Laws of 2025\)](#) **Expands the multi-family tax exemption:** Implements a suite of recommendations for improvement to the multifamily tax exemption (MFTE) program from the [2023 Legislative report](#). Extends the program to Snohomish, Clark and Kitsap counties.
  - [HB 1757 \(Chapter 203, Laws of 2025\)](#) **Existing buildings for residential conversion:** Cleans up [Chapter 285, Laws of 2023 \(HB 1042\)](#); changes the timeline requirements for updating local codes to support the use of existing buildings for residential purposes in commercial, mixed-use, and residential zones; extends allowances for existing buildings in residential zones to be used for residential purposes; disallows cities from requiring a change of use permit when the use of an existing structure is changed to provide housing; current energy code requirements only apply to changed portions of new units in converted buildings.
  - [SB 5148 \(Chapter 269, Laws of 2025\)](#) **GMA housing element:** Allows jurisdictions to seek voluntary compliance certification of housing elements and/or development regulations required under the Growth Management Act before the elements and regulations take effect. Commerce will select 10 jurisdictions for a targeted compliance review each year; if a jurisdiction does not have a compliant housing element, they may not deny affordable or moderate-income housing developments and can only impose limited restrictions; eligibility for state infrastructure funding is contingent upon progress towards compliance.
  - [SB 5184 \(Chapter 204, Laws of 2025\)](#) **Minimum parking requirements:** Reduces or eliminates the minimum number of parking spaces cities with a population of 30,000 or more residents can require for multi-family units, single-family units, and commercial space, with some allowable exceptions.
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- **[SB 5471 \(Chapter 386, Laws of 2025\)](#) Middle housing in UGAs and LAMIRDS:** Jurisdictions may allow up to four units of middle housing per lot in designated urban growth areas (UGAs) or limited areas of more intense rural development (LAMIRDS).
  - **[SSB 5558 \(Chapter 148, Laws of 2025\)](#) Timelines for GMA updates: Extends the deadline for jurisdictions due in 2026 to December 31, 2026.** Slightly changes due dates for development regulations, specifically those related to clear and objective design review, middle housing and accessory dwelling units, which were due six months after the periodic update are now due concurrently.
  - **[SB 5559 \(Chapter 271, Laws of 2025\)](#) Streamlining unit lot subdivisions:** Requires GMA-planning jurisdictions to adopt procedures for unit lot subdivisions allowing the division of a standard-size lot into portions for sale within urban growth areas by specific deadlines; if a jurisdiction does not do so by this deadline, it may not decline an application for a unit lot subdivision.
  - **[SB 5587 \(Chapter 390, Laws of 2025\)](#) Counties closing the affordable housing gap:** Requires that the Washington Center for Real Estate Research to report on additional elements for each county, including: Estimated housing units and needs at particular income levels; progress in closing the gap between existing housing units and housing needs; and progress in meeting emergency shelter, emergency housing, and permanent supportive housing needs. For Public Works Board projects, the Board may consider whether a project encourages infill development when prioritizing projects.
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