

CERTIFICATION OF ENROLLMENT  
**SECOND SUBSTITUTE HOUSE BILL 1516**

69th Legislature  
2025 Regular Session

Passed by the House March 11, 2025  
Yeas 58 Nays 38

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**Speaker of the House of  
Representatives**

Passed by the Senate April 16, 2025  
Yeas 41 Nays 8

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE HOUSE BILL 1516** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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SECOND SUBSTITUTE HOUSE BILL 1516

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Passed Legislature - 2025 Regular Session

State of Washington

69th Legislature

2025 Regular Session

By House Appropriations (originally sponsored by Representatives Hill, Taylor, Reed, Simmons, Morgan, Ormsby, Farivar, Parshley, Gregerson, Macri, Ramel, Pollet, and Salahuddin)

READ FIRST TIME 02/28/25.

1 AN ACT Relating to conducting a study of insurance coverage  
2 options for permanently affordable homeownership units; creating new  
3 sections; and providing an expiration date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** (1) The office of the insurance  
6 commissioner shall conduct a study regarding how projects that  
7 develop new permanently affordable homeownership units may utilize  
8 different insurance coverage options and approaches to reduce costs  
9 related to condominium construction defect liability while  
10 maintaining commensurate access to insurance coverage.

11 (2) The study must be conducted in consultation with: Identified  
12 nonprofit organizations and government entities that sponsor  
13 permanently affordable homeownership units; authorized insurers of  
14 permanently affordable homeownership projects; unauthorized insurers  
15 of permanently affordable homeownership projects; representatives of  
16 the residential building construction industry; and relevant state  
17 associations.

18 (3) In conducting the study, the insurance commissioner shall:

19 (a) Collect and use relevant findings from past insurance market  
20 studies conducted by the office of the insurance commissioner on or  
21 after December 31, 2017, or other relevant information released on or

1 after December 31, 2017, that may assist the insurance commissioner  
2 in conducting the analysis or making recommendations; and

3 (b) Collect information and data from entities transacting  
4 insurance in the state. Any identified authorized insurers,  
5 unauthorized insurers, and risk retention groups are required to  
6 provide the requested information and data to the insurance  
7 commissioner for purposes of this subsection.

8 (4) The insurance commissioner may contract with actuarial or  
9 other consultants to facilitate the study.

10 (5) Consistent with RCW 43.01.036, the insurance commissioner  
11 shall submit a report on its findings to the appropriate committees  
12 of the legislature by December 31, 2026. The report must include:

13 (a) An actuarial analysis of how the condominium construction  
14 defect liability risk pools for nonprofit organizations and  
15 government entities that sponsor permanently affordable homeownership  
16 units may differ from for-profit models of condominium production,  
17 sale, and ownership;

18 (b) An analysis of the role that the commissioner and insurers  
19 can play to lower condominium construction defect liability insurance  
20 costs for nonprofit organizations and government entities that  
21 sponsor permanently affordable homeownership units; and

22 (c) Recommendations for how current or new insurance mechanisms  
23 may be used to reduce insurance costs for nonprofit organizations and  
24 government entities that sponsor permanently affordable homeownership  
25 units.

26 (6) Funding for the study shall be provided from the insurance  
27 commissioner's regulatory account established under RCW 48.02.190.

28 (7) For the purposes of this section, "permanently affordable  
29 homeownership" means a unit that, in addition to meeting the  
30 definition of "affordable housing" in RCW 43.185A.010, is:

31 (a) Sponsored by a nonprofit organization or governmental entity;

32 (b) Subject to a ground lease or deed restriction, the forms of  
33 which may include a ground lease, deed restriction, community land  
34 trust lease, or affordability covenant that includes:

35 (i) A resale restriction designed to provide affordability for  
36 future low and moderate-income homebuyers;

37 (ii) A right of first refusal for the sponsoring organization to  
38 purchase the home at resale, except in cases where the sponsor  
39 organization is a limited equity cooperative, defined as

1 "cooperative" in RCW 64.90.010, and the sponsor organization is not  
2 partnered with a community land trust; and

3 (iii) A requirement that the sponsor must approve any refinancing  
4 secured by the home, including home equity lines of credit, except  
5 where the sponsor organization is a limited equity cooperative,  
6 defined as "cooperative" in RCW 64.90.010, and the sponsor  
7 organization is not partnered with a community land trust; and

8 (c) Sponsored by a nonprofit organization or governmental entity  
9 and the sponsor:

10 (i) At the initial sale and at each successive sale of the unit,  
11 executes a new ground lease or deed restriction, the forms of which  
12 may include a ground lease, deed restriction, community land trust  
13 lease, or affordability covenant with a duration of at least 99  
14 years; and

15 (ii) Supports the unit's homeowner and enforces the ground lease  
16 or deed restriction.

17 (8) This section expires December 31, 2027.

18 NEW SECTION. **Sec. 2.** If specific funding for the purposes of  
19 this act, referencing this act by bill or chapter number, is not  
20 provided by June 30, 2025, in the omnibus appropriations act, this  
21 act is null and void.

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