



Legislation Text

File #: CB 121039, Version: 2

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to residential property transactions; requiring certain disclosures to owners before presenting an offer to purchase a residential property; establishing consumer protections for owners of solicited residential property; and adding a new Chapter 6.610 to the Seattle Municipal Code.

WHEREAS, the City is currently undertaking a major update of its Comprehensive Plan; and

WHEREAS, Mayor Harrell's proposed Growth Strategy will double the City's zoning capacity from 165,000 to 330,000 housing units; and

WHEREAS, providing adequate zoning capacity is a key condition for supporting more housing production; and

WHEREAS, there is broad consensus among researchers and economists that providing adequate housing supply to meet demand is one of the most effective strategies to prevent displacement; and

WHEREAS, displacement occurs when households are forced to involuntarily move for economic or physical reasons (e.g., can no longer afford housing because of increasing costs or building is being demolished for new development); and

WHEREAS, while increasing zoning capacity is critical, other measures are also needed to mitigate displacement pressures and help keep residents in their communities; and

WHEREAS, the City recently committed historic levels of local investment in subsidized affordable housing, amounting to nearly \$350 million in 2024 alone; and

WHEREAS, the City has a number of programs and policies to mitigate displacement and has invested more than \$50 million for these programs in 2025; and

WHEREAS, on January 29, 2025, Mayor Harrell issued an Executive Order directing City departments to undertake certain actions to improve the City’s efforts to mitigate displacement pressures; and

WHEREAS, as part of the Executive Order, Mayor Harrell directed the Department of Finance and Administrative Services to develop legislation to protect homeowners against predatory home-buying practices; and

WHEREAS, predatory home-buying practices target the most vulnerable in the community, and homeowners who sell in response to unsolicited offers may receive less for their home than if they had listed it on the open market; and

WHEREAS, predatory home-buying practices can target communities of color, contributing to economic disparities, displacement, and erosion of generational wealth while also reinforcing historical patterns of racial segregation; and

WHEREAS, as the City moves to implement State House Bill 1110 passed in 2023 to allow more “middle housing” types throughout the City and in formerly single-family zones, predatory home-buying practices could increase; and

WHEREAS, this legislation provides certain protections for homeowners from companies or individuals that proffer unsolicited offers to buy residential properties; and

WHEREAS, the rationale for requiring the City to publicly post a list of individuals or entities that have committed multiple violations of the requirements of the Homebuyer Protection Ordinance (SMC Chapter 6.610) is to provide as much information as possible to homeowners who might be approached by unscrupulous individuals who want to buy homes from vulnerable homeowners for below market rates; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. A new Chapter 6.610 is added to the Seattle Municipal Code as follows:

Chapter 6.610 RESIDENTIAL PROPERTY TRANSACTIONS

6.610.010 Definitions

As used in this Chapter 6.610:

“Owner” means the record owner of a residential property.

“Residential property” means all property legally used or held out for individuals to live in, regardless of whether the property is occupied by its owners, rented, or vacant.

“Solicit” or “solicitation” means to advertise the accomplishments or abilities of a buyer to an owner, request that an owner list a residential property for sale, or offer to purchase an owner’s residential property through any form of communication including but not limited to mail, oral communication, or electronic communication.

6.610.020 Residential property solicitation

A. For residential property transactions in which a potential buyer or buyer’s representative actively solicits the purchase of residential property through public advertising or written, electronic, or in-person contact with an owner of residential property that is not currently publicly available or listed on the real estate market for purchase, the potential buyer or buyer’s representative shall provide a written notice to the owner of the solicited residential property at least five business days before signing a purchase contract between the potential buyer and the owner of the solicited real property. The notice shall be signed by the owner and the potential buyer or buyer’s representative and shall inform the owner of:

1. How to access resources assessing the fair value of residential property, including, but not limited to, the King County Assessor’s Office; and
2. The owner’s right to an appraisal of the residential property by an appraiser licensed in accordance with chapter 18.140 RCW, and the potential buyer is responsible for the expense of the appraisal;
3. The owner’s ability to hire a real estate agent and to seek legal counsel; and
4. Any other resources the Director deems appropriate by Director’s Rule.

B. Upon execution of a purchase contract between the potential buyer and the owner of the solicited

residential property, the purchase contract shall include a separate disclosure document that specifies the owner of the solicited residential property shall have the right to cancel the purchase contract without penalty or further obligation subject to subsections 6.610.020.C.3 and 6.610.020.D. The disclosure document described in this subsection 6.610.020.B shall be signed by the owner and the buyer or the buyer's representative. The disclosure document shall state clearly in at least size 12-point boldface type that the owner:

1. Has a right to an appraisal of the residential property by an appraiser licensed in accordance with chapter 18.140 RCW, and the potential buyer is responsible for the expense of the appraisal;
2. May hire a real estate agent and seek legal counsel; and
3. May access resources assessing the fair value of residential property, including, but not limited to, the King County Assessor's Office; and
4. Has a right to cancel the purchase contract without penalty or further obligation in accordance with subsections 6.610.020.C.3 and 6.610.020.D.
5. Contact information for the City of Seattle's Consumer Protection Division within the Department of Finance and Administrative Services to report any suspected violations within the City of Seattle.

C. For owners of solicited residential property who wish to exercise their right to an appraisal after execution of the purchase contract:

1. The owner has the right to select the appraiser, and the potential buyer is responsible for the expense of the appraisal; and
2. The owner shall order the appraisal within ten business days after the execution of the contract, and the owner shall notify the buyer or buyer's representative of the appraisal; and
3. The owner has the right to cancel the purchase contract, without penalty or further obligation, within ten business days after the owner receives the appraisal.

D. For owners of solicited residential property who do not wish to receive an appraisal after execution

of the purchase contract, the owner has the right to cancel the purchase contract without penalty or further obligation within ten business days after execution of the contract.

E. In the event of cancellation of the purchase contract, the owner of the solicited residential property shall send a notice of cancellation to the buyer or buyer's representative by mail, email, or other means of written communication. Notice of cancellation is considered given when mailed, when emailed, or if sent by other means, when delivered to the buyer's or buyer's representative's designated place of business.

F. This Section 6.610.020 does not apply to a buyer or seller represented by a real estate broker licensed in accordance with chapter 18.85 RCW. Nothing in this Chapter 6.610 affects the rights accruing to any party as set forth in RCW 64.04.220.

6.610.030 Enforcement

A. The violation or failure to comply with any provision of this Chapter 6.610 shall constitute a civil violation and shall be enforced under the citation provisions set forth in this Section 6.610.030.

B. Citation

1. If after investigation the Director determines that the standards or requirements of provisions of this Chapter 6.610 have been violated, the Director may issue a citation to the owner and/or other person responsible for the violation. The citation shall include the following information: (1) the name and address of the person to whom the citation is issued; (2) a reasonable description of the location of the property on which the violation occurred; (3) a separate statement of each standard or requirement violated; (4) the date of the violation; (5) a statement that the person cited must respond to the citation within 15 days after service; (6) a space for entry of the applicable penalty; (7) a statement that a response must be sent to the Hearing Examiner and received not later than 5 p.m. on the day the response is due; (8) the name, address, email address, and phone number of the Hearing Examiner where the citation is to be filed; (9) a statement that the citation represents a determination that a violation has been committed by the person named in the citation and that the determination shall be final unless contested as provided in this Chapter 6.610; and (10) a certified statement of

the Director's representative issuing the citation, authorized by RCW 5.50.050 setting forth facts supporting issuance of the citation.

2. The citation may be served by personal service in the manner set forth in RCW 4.28.080 for service of a summons or sent by first class mail, addressed to the last known address of such person(s). Service shall be complete at the time of personal service, or if mailed, three days after the date of mailing.

C. A person must respond to a citation in one of the following ways:

1. Paying the amount of the monetary penalty specified in the citation, in which case the record shall show a finding that the person cited committed the violation; or

2. Requesting in writing a mitigation hearing to explain the circumstances surrounding the commission of the violation and providing an address to which notice of such hearing may be sent; or

3. Requesting a contested hearing in writing specifying the reason why the cited violation did not occur or why the person cited is not responsible for the violation, and providing an address to which notice of such hearing may be sent.

4. A response to a citation must be received by the Office of the Hearing Examiner no later than 15 days after the date the citation is served. When the last day of the appeal period so computed is a Saturday, Sunday, or federal or City holiday, the period shall run until 5 p.m. on the next business day.

D. If a person fails to respond to a citation within 15 days of service, an order shall be entered by the Hearing Examiner finding that the person cited committed the violation stated in the citation, and assessing the penalty specified in the citation.

E. Mitigation hearings

1. If a person requests a mitigation hearing, the mitigation hearing shall be held within 30 days after written response to the citation requesting a hearing is received by the Hearing Examiner. Notice of the time, place, and date of the hearing shall be sent to the address specified in the request for hearing not less than ten days before the date of the hearing.

2. The Hearing Examiner shall hold an informal hearing that shall not be governed by the Rules of Evidence. The person cited may present witnesses, but witnesses shall not be compelled to attend. A representative from the Department may also be present and may present additional information, but attendance by a representative from the Department is not required.

3. The Hearing Examiner shall determine whether the person's explanation justifies reduction of the monetary penalty. Factors that may be considered in whether to reduce the penalty include whether the violation was caused by the act, neglect, or abuse of another.

4. After hearing the explanation of the person cited and any other information presented at the hearing, the Hearing Examiner shall enter an order finding that the person cited committed the violation and assessing a monetary penalty in an amount determined pursuant to subsection 6.610.030.H. The Hearing Examiner's decision is the final decision of the City on the matter.

F. Contested hearing

1. If a person requests a contested hearing, the hearing shall be held within 60 days after the written response to the citation requesting such hearing is received.

2. Contested hearings shall be conducted pursuant to the procedures for hearing contested cases contained in Section 3.02.090 and the rules adopted by the Hearing Examiner for hearing contested cases, except as modified by this Section 6.610.030. The issues heard at the hearing shall be limited to those that are raised in writing in the response to the citation and that are within the jurisdiction of the Hearing Examiner. The Hearing Examiner may issue subpoenas for the attendance of witnesses and the production of documents.

3. No citation shall be deemed insufficient for failure to contain a detailed statement of the facts constituting the specific violation which the person cited is alleged to have committed or by reason of defects or imperfections, provided such lack of detail or such defects or imperfections do not prejudice substantial rights of the person cited.

4. A citation may be amended prior to the conclusion of the hearing to conform to the evidence

presented if substantial rights of the person cited are not thereby prejudiced.

5. The certified statement or declaration authorized by RCW 5.50.050 shall be prima facie evidence that a violation occurred and that the person cited is responsible. The certified statement or declaration authorized under RCW 5.50.050 and any other evidence accompanying the report shall be admissible without further evidentiary foundation. Any certifications or declarations authorized under RCW 5.50.050 shall also be admissible without further evidentiary foundation. The person cited may rebut the Department evidence and establish that the cited violation(s) did not occur or that the person contesting the citation is not responsible for the violation.

6. The Hearing Examiner shall determine by a preponderance of the evidence whether the violation occurred. If the Hearing Examiner determines that the violation occurred, the citation shall be sustained and the Hearing Examiner shall enter an order finding that the person cited committed the violation and imposing the applicable penalty. If the Hearing Examiner determines that the violation did not occur, the Hearing Examiner shall enter an order dismissing the citation.

7. The Hearing Examiner's decision is the final decision of the City.

G. Failure to appear for a requested hearing will result in an order being entered finding that the person cited committed the violation stated in the citation and assessing the penalty specified in the citation. For good cause shown and upon terms the Hearing Examiner deems just, the Hearing Examiner may set aside an order entered upon a failure to appear.

H. Penalties. The following penalties shall be assessed for violations of any provision of this Chapter 6.610:

1. \$7,500 for the first violation; and
2. \$10,000 for each subsequent violation within a 12-month period.

I. If the person cited fails to pay a penalty imposed pursuant to this Chapter 6.610, the penalty may be referred to a collection agency. The cost to the City for the collection services will be assessed as costs, at the

rate agreed to between the City and the collection agency, and added to the penalty. Alternatively, the City may pursue collection in any other manner allowed by law.

J. Each day a person violates or fails to comply with a provision referenced in this Section 6.610.030 may be considered a separate violation for which a citation may be issued.

K. The Director shall post on the Department's website, a list of individuals or entities that have committed a second violation of Chapter 6.610 within a 12-month period. This list shall be updated annually.

6.610.040 Private right of action

Any person who suffers financial injury as a result of a violation of this Chapter 6.610 may bring a civil action in a court of competent jurisdiction against the buyer or buyer's representative violating this Chapter 6.610 and, upon prevailing, may be awarded reasonable attorney costs and such legal or equitable relief as may be appropriate to remedy the violation including, without limitation, any payments made to the residential property wholesaler by the owner plus interest due. Interest shall accrue from the date that the payment or payments were made at a rate of 12 percent per annum, or the maximum rate permitted under RCW 19.52.020.

6.610.050 Additional relief

The Director may seek legal or equitable relief to enjoin any acts or practices when necessary to achieve compliance.

Section 2. The provisions of this ordinance are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance, or the invalidity of its application to any person or circumstance, does not affect the validity of the remainder of this ordinance or the validity of its application to other persons or circumstances.

Section 3. This ordinance shall take effect as provided by Seattle Municipal Code Sections 1.04.020 and 1.04.070.

Passed by the City Council the _____ day of _____, 2025, and signed by
me in open session in authentication of its passage this _____ day of _____, 2025.

President _____ of the City Council

Approved / returned unsigned / vetoed this ____ day of _____, 2025.

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2025.

Scheereen Dedman, City Clerk

(Seal)